

**MINUTES 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 at 10:33 a.m. on the **20th day of November 2009**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Erle Nye, 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 Board:

Erle Nye, Chairman
J. Philip Ferguson, Vice Chairman
Francisco G. Cigarroa, M.D, Vice Chairman for Policy
Clint Carlson
Paul Foster
Printice Gary
Janiece M. Longoria
Ardon E. Moore

Charles Tate attended the meeting by means of conference telephone enabling all persons participating in the meeting to hear each other. Accordingly, a majority and quorum of the Board was in attendance. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Lindel Eakman, Managing Director - Private Markets; Bill Edwards, Managing Director - Information Technology; Bob Schau, Senior Director - Real Estate Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; Russ Kampfe, Senior Portfolio Manager - Fixed Income Investments; Ryan Ruebsahm, Director - Marketable Alternative Investments; Scott Bigham, Associate - Private Markets Investments; Harland Doak, Portfolio Manager - Fixed Income Investments; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner and Bob Jewell of Andrews Kurth LLP; Charlie Chaffin, Jim Phillips, William Huang, Miles Ragland and Roger Starkey of the UT System Administration; Bruce Myers of Cambridge Associates; Tom Wagner of Deloitte & Touche LLP; and Greg Anderson of Texas A&M University System. Mr. Nye called the meeting to order at 10:33 a.m.

Mr. Nye introduced Mr. Printice Gary, as a newly appointed Regental Director for the Board.

At 10:34 a.m. the open meeting of the Board recessed into a Briefing Session pursuant to Texas Education Code Section 66.08 (h)(2) related to Investments.

The open meeting of the Board reconvened in open session at 12:10 p.m.

Minutes

The first matter to come before the Board in open session was the approval of the minutes of the meeting of the Board of Directors held on October 6, 2009. 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 **October 6, 2009**, be, and are hereby, approved.

Committee Assignments

Mr. Nye recommended approval of the following Corporation committee assignments, with the appointment of the Member to the Audit and Ethics Committee subject to further approval by the U. T. System Board of Regents in accordance with Section 66.08 of the *Texas Government Code*. Upon motion duly made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Policy Committee of the Board of Directors:

Ardon E. Moore
Janiece M. Longoria
Printice L. Gary

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Janiece M. Longoria is hereby designated the Chair of the Policy Committee and shall preside at its meetings.

BE IT RESOLVED, that Director Printice L. Gary is hereby designated as a member of the Audit and Ethics Committee, subject to approval by the Board of Regents, to serve until the expiration of his term, or until his successor has been chosen and qualified, or until his earlier death, resignation or removal.

Mr. Nye asked Chancellor Cigarroa to give a report to the Board as its principal client. Dr. Cigarroa expressed gratitude for the Board on behalf of the UT System and stressed the importance of the work of the Corporation. He stated that UTIMCO, by managing the most precious resources of the UT System, allows the 15 institutions an opportunity to recruit some of the best faculty and help to make sure the institutions remain the most attractive higher education options not only for the current students but also the generations to come.

Endowment and Operating Funds Update

Mr. Nye asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman handed out the Corporation's Performance Summary as of October 31, 2009. He began with the net asset value and performance numbers as of October 31, 2009. The Corporation had \$21.0 billion of assets under management at the end of October 31, 2009. Of the \$21.0 billion, \$10.0 billion was in the

Permanent University Fund (PUF), \$5.7 billion in the General Endowment Fund (GEF), \$1.5 billion in the Short Term Fund (STF) and \$3.8 billion in the Intermediate Term Fund's (ITF). The net performance for the one-month period ended October 31, 2009, for the PUF was 1.09% and for the GEF was 1.09%, versus benchmark returns of 0.08% for each fund. The net performance for the one year ended October 31, 2009, for the PUF and GEF were 10.91% and 10.67%, respectively, versus benchmark returns of 9.75% for each fund. The ITF's performance was 0.49% versus its benchmark return of -0.15% for the one-month period, and 19.32% versus its benchmark return of 18.40% for the one year ended October 31, 2009. Performance for the STF was 0.02% versus 0.02% for its benchmark return for the one-month period, and was 0.80% versus a benchmark return of 0.30% for the one year ended October 31, 2009. Mr. Zimmerman presented actual versus benchmark results, portfolio policy ranges and policy targets. Mr. Zimmerman asked each Staff member responsible for the specific areas in the Asset Allocation portfolio to provide a review for the Board. Mr. Kampfe began by discussing Investment Grade Fixed Income. Mr. Zimmerman, Mr. Kampfe and Mr. Doak presented performance, the pipeline, and discussed tail-risk hedging, including inflation insurance, gold, and ISDA's/Derivative Procedures, and answered the Directors' questions. Mr. Zimmerman asked Mr. Ruebsahm and Mr. Bigham to continue by discussing information on Credit-Related Fixed Income. Mr. Schau presented Real Estate manager profiles, private portfolio composition, and an overview of target markets and strategy going forward. The Natural Resources Portfolio discussion was led by Mr. Warner. He introduced the Natural Resources staff and discussed the value chain, geographic and sector exposure and gave a portfolio roadmap moving forward to June 30, 2010. Mr. Warner and Mr. McCarroll answered the Director's questions. Ms. Iberg introduced the Public Markets Investments Staff and Mr. Newcomb and Ms. Hopper presented the More Correlated and Constrained public equity assets, manager changes, and a projected active manager portfolio. Ms. Iberg, Mr. Ruebsahm and Mr. Powers gave a performance update on the Less Correlated & Constrained (LCC) Portfolio, an overview of changes to the LCC portfolio and presented a manager genealogy of the portfolio. Mr. Zimmerman asked Mr. Eakman to discuss the Private Investments portfolio. He explained the fund valuation process, secondary market activities and a commitment plan for fiscal year 2010. Mr. Zimmerman and Mr. Eakman answered the Directors' questions.

Organizational Update

Mr. Nye asked Mr. Zimmerman to give the Board an update on the organization. Mr. Zimmerman introduced the analysts on staff. He also updated and summarized Staff projects and reported on Staff's communication skills regarding various foreign languages.

Executive Session

Mr. Nye, at 2:19 p.m., announced 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 for the purpose of considering individual personnel compensation matters including Report of Compensation Committee Regarding Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2009. This Executive Session meeting of the Board is authorized by *Texas Government Code* Section 551.074 (*Personnel Matters*). The date is November 20, 2009, and the time is now 2:19 p.m." Attendees other than the Board members, Bruce Zimmerman, Cecilia Gonzalez, Keith Brown, Jerry Turner, and Bob Jewell left the meeting at this time.

Reconvene in Open Session

The Board reconvened at 2:43 p.m. in open session and Mr. Nye announced that, "The Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is November 20, 2009, and the time is now 2:43 p.m. During the Executive Session, the Board considered individual personnel compensation matters including Report of Compensation Committee Regarding Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2009, 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

Mr. Nye asked Mr. Ferguson to recommend resolutions on behalf of the Compensation Committee. Mr. Ferguson explained that the first resolution was to recommend approval by the Board of amendments to Appendix B of UTIMCO Compensation Program (UTIMCO Peer Group). Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

WHEREAS, Section 8.14 of the UTIMCO Compensation Program (the "Plan") provides that the "Peer Group" will be updated annually at the beginning of each Performance Period, and Appendix B (UTIMCO Peer Group) will be amended accordingly; and

WHEREAS, Section 7.2 of the Plan provides that the Board has the right to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Board wishes to amend Appendix B to conform to the updated Peer Group.

NOW, THEREFORE, be it:

RESOLVED, that the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of July 1, 2009.

Mr. Ferguson recommended, on behalf of the Committee, the next three resolutions as a group. The first resolution was a recommendation to accept letter agreements received from each of five members of Corporation's Senior Staff pursuant to which each individual offered to voluntarily defer an additional 44.1% of his/her Performance Incentive Award for the Performance Period ended June 30, 2009 (which voluntarily deferment is in addition to the mandatory 30% deferment required by the Plan). He stated that this action by the Senior Staff was a real objective indicator of the Staff and the Committee and the Board appreciated their actions. The second resolution was a recommendation to approve the total aggregate amount of \$2,802,558 in Performance Incentive Awards for all Participants for the 2008/2009 Performance Period (excluding the CEO), 30% (\$840,767) deferred pursuant to the Plan and 44.1% (\$551,605) deferred by the five members of the Corporation's Senior Staff pursuant to the letter agreements, resulting in a total deferment of \$1,392,372. The third recommendation from the Compensation Committee was the CEO's Performance Incentive Award for the 2008/2009 Performance Period in the amount of \$576,234 (representing a reduction of 45.1% from the CEO's Performance Incentive Award for the 2007/2008 Performance Period); 30% (\$172,870) deferred pursuant to the Plan and 44.1% (\$254,119) deferred

pursuant to the letter agreement signed by Mr. Zimmerman in April, resulting in a total deferment of \$426,989. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

First Resolution:

WHEREAS, the Board has reviewed the recommendation of the Compensation Committee regarding the letter agreements received from each of five members of Corporation's Senior Staff pursuant to which each individual offered to voluntarily defer an additional 44.1% of any Performance Incentive Award for the Performance Period ended June 30, 2009 (which voluntary deferment is in addition to the mandatory 30% deferment required by the UTIMCO Compensation Program (the "Plan")) and wishes to document approval of such letter agreements.

NOW, THEREFORE, be it:

RESOLVED, that the letter agreements received from each of five members of Corporation's Senior Staff pursuant to which each individual offered to voluntarily defer an additional 44.1% of his/her Performance Incentive Award for the Performance Period ended June 30, 2009 (which voluntarily deferment is in addition to the mandatory 30% deferment required by the Plan) are hereby approved.

Second Resolution:

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 recognition of the negative absolute investment returns on Total Endowment Assets during the 2008/2009 Performance Period, each of five members of the Corporation's Senior Staff has voluntarily agreed (collectively, the "Agreements") to defer an additional 44.1% of any Performance Incentive Award earned during such Performance Period, which voluntary deferment is in addition to the mandatory 30% deferment required by the Plan; 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 2008/2009 Performance Period of his or her Performance Incentive 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 2008/2009 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 Performance Incentive Awards for all Participants for the 2008/2009 Performance Period (excluding the CEO) in the total aggregate amount of \$2,802,558.00 are hereby approved; and be it further

RESOLVED, that of the total aggregate amount of \$2,802,558.00 in Performance Incentive Awards for all Participants for the 2008/2009 Performance Period (excluding the CEO), 30% (\$840,767.40) will be deferred pursuant to the Plan and 44.1% (\$551,604.99) will be deferred by the five members of the Corporation's Senior Staff pursuant to the Agreements, resulting in a total deferment of \$1,392,372.39.

Third Resolution:

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, pursuant to the Plan, the Board approved a Performance Incentive Award for the CEO in the total amount of \$1,050,000 for the 2007/2008 Performance Period, 30% of which (\$315,000) was deferred over a three-year period in accordance with the Plan; and

WHEREAS, the Compensation Committee has reviewed and approved the actual performance of the CEO during the 2008/2009 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 2008/2009 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; and

WHEREAS, in recognition of the negative absolute investment returns on Total Endowment Assets during the 2008/2009 Performance Period, the CEO has voluntarily agreed (the "Agreement") to defer an additional 44.1% of any Performance Incentive Award earned during such Performance Period, which

voluntary deferment is in addition to the mandatory 30% deferment required by the Plan.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Incentive Award for the 2008/2009 Performance Period in the amount of \$576,234.00 (representing a reduction of 45.1% from the CEO's Performance Incentive Award for the 2007/2008 Performance Period); and be it further

RESOLVED, that of the CEO's \$576,234.00 Performance Incentive Award for the 2008/2009 Performance Period, 30% (\$172,870.20) will be deferred pursuant to the Plan and 44.1% (\$254,119.19) will be deferred pursuant to the Agreement, resulting in a total deferment of \$426,989.39.

Audit and Ethics Committee Report

Mr. Nye asked Mr. Foster to give a report on behalf of the Audit and Ethics Committee. Mr. Foster reported that the Committee met on November 5, 2009 and heard a report from Mr. Wagner regarding Deloitte & Touche LLP's Financial Statement Audit Results and Communications and the audited financial statements of the PUF, GEF, PHF, LTF, ITF (collectively, the "Funds"), and the Statement of Performance Statistics for the year ended August 31, 2009. The Committee also heard a report from the UT System Audit office and received a report on other ethics and compliance activities from staff. The Committee met again earlier in the day, prior to the Board meeting, to approve the CEO's recommendation of the performance incentive award for the performance period ending June 30, 2009, for the General Counsel and Chief Compliance Officer and submit its recommendation, jointly with the CEO, to the Compensation Committee. Mr. Foster asked Mr. Wagner to give a brief summary of the audit of the financial statements of the Funds. Mr. Wagner presented Deloitte & Touche LLP's Financial Statement Audit Results and Communications and highlights related to the audit. Mr. Foster recommended, on behalf of the Committee, the following resolution. Upon motion duly made and seconded, the resolution was unanimously adopted by the Board:

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, 2009, 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, 2009, and August 31, 2008, and the Statement of Investment Performance Statistics for the year ended August 31, 2009, be, and are hereby approved in the form as presented to the Board.

Risk Committee Report


Mr. Nye asked Mr. Tate to give a report from the Risk Committee. Mr. Tate reported that the Risk Committee met on November 5, 2009. No action items were submitted to the Board on behalf of the Risk Committee at this meeting. At its last meeting, the Committee approved the categorization of nine new investment mandates and discussion of two mandates that are currently being watched for re-categorization. The Committee also received a presentation related to the development of the Derivative Investments Controls and Processes document by Corporation staff and ongoing review of ISDA agreements. Mr. Tate asked Mr. Zimmerman to quickly summarize the review and scope of the Derivative Investments Controls and Processes document. Mr. Zimmerman said Ms. Moeller led the effort, which involved almost all of the investment staff. The resulting document provides detailed steps for Staff to follow to comply with the Derivative Investment Policy and strengthens internal controls to ensure derivative risks are identified, measured appropriately, properly controlled, and reported. Mr. Tate reported that Staff also led a review of the ISDA agreements. He asked Mr. Zimmerman to summarize the review. Mr. Zimmerman stated that Mr. Warner, Mr. Yoeli and Ms. Wagner led the efforts, with assistance of the UT System Finance Office, of a very detailed study of new and existing counterparties to ensure that the Corporation's ISDA agreements contain terms as favorable as those contained in the UT System ISDA agreements. Mr. Tate gave a summary of the review and discussion of compliance reporting. Mr. Zimmerman and Ms. Gonzalez answered the Directors' questions.

2010 Meeting Schedule

Mr. Nye presented the Corporation's Board and Committee Meetings Schedule of 2010.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 3:15 p.m.

Secretary: 
Joan Moeller

Approved:  Date: 4/26/2010
Erle Nye
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Appendix B

UTIMCO Peer Group

- Columbia University
- Cornell University
- Emory University
- Harvard University
- Massachusetts Institute of Technology
- Northwestern University
- Princeton University
- Rice University
- Stanford University
- The Duke Endowment
- University of California
- University of Chicago
- University of Michigan
- University of Notre Dame
- University of Pennsylvania
- University of Virginia Investment Management Company
- Vanderbilt University
- Washington University in St. Louis
- Yale University

Source: Cambridge Associates. Represents endowment funds (excluding the Total Endowment Assets) with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, all to be determined as of the last day of each fiscal year end June 2007, 2008, 2009.