

**MINUTES OF MEETING OF
THE JOINT MEETING OF THE POLICY AND RISK COMMITTEES OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

A joint meeting of the Policy and the Risk Committees (the "Committees") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **February 5, 2009**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Policy Committee Chair, Colleen McHugh, and the Risk Committee Chair, Charles Tate, 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 Committees:

Colleen McHugh, Chair, Policy Committee
Charles Tate, Chair, Risk Committee
Clint D. Carlson
J. Phil Ferguson
Paul Foster
Ardon E. Moore
Erle Nye

thus constituting a majority and quorum of the Committees and the Board. Robert B. Rowling, Chairman of the Board was also 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; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer for the Corporation; Lindel Eakman, Managing Director - Private Investments; Bob Schau, Senior Director - Real Estate Investments; Mark Warner, Senior Director - Natural Resources Investments; Uzi Yoeli, Director - Portfolio Risk Management; Susan Chen, Director, Public Markets; and various staff members of the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; Charlie Chaffin representing The University of Texas System (the "UT System"); and Bruce Myers of Cambridge Associates. Policy Committee Chair McHugh and Risk Committee Chair Tate called the meeting to order at 9:05 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Report from Internal Credit Committee

Mr. Tate and Ms. McHugh asked Ms. Iberg to present the first agenda item. Ms. Iberg gave a summary of topics to be discussed on credit opportunities for More Correlated and Constrained Investments (MCC), which included asset allocation as it related to credit and a review of current exposure to investment grade and credit-related fixed income. She also reported results from the efforts of the newly formed Internal Credit Committee, created to evaluate MCC credit-related opportunities. As part of her presentation, Ms. Iberg reviewed the existing asset allocation, detailed fixed income exposure, provided names of Staff that compose the Internal Credit Committee, gave examples of certain areas of credit opportunities, and provided Staff's recommendation for a new policy maximum range for the credit-related fixed income of

22.5% for the endowment funds and 12.5% for the Intermediate Term Fund (ITF). A request for approval of this recommendation was made later in the meeting. Ms. Iberg and Mr. Zimmerman answered the Committee Members' questions. Mr. Rowling and Mr. Zimmerman left the meeting at this time.

Less Correlated and Constrained Investment Type Benchmark

Mr. Tate and Ms. McHugh asked Ms. Iberg to continue by explaining the Less Correlated and Constrained (LCC) Investment Type benchmark and Staff's recommendation for a proposed change. Ms. Iberg said the suggested benchmark change was necessary due to the recent decision by MSCI to discontinue publication of the LCC Investment Type benchmark, the MSCI Investable Hedge Fund Index, effective January 21, 2009. Ms. Iberg presented benchmark history for the Corporation's hedge funds, the LCC program objectives, and benchmark options related to selection criteria, and discussed correlations and fund of fund alternatives. Staff recommended adopting a new benchmark for the LCC Investment Type, the Hedge Fund Research Indices (HFRI) Fund of Funds Composite Index, effective January 1, 2009. Proposed changes to the Exhibits of Investment Policy Statements reflecting this new benchmark were discussed later in the meeting. Ms. Iberg and Mr. Myers answered the questions of the Committee Members.

Proposed Amendments to Exhibits of the Investment Policy Statements

Ms. Iberg continued with explaining that Exhibit A of the Investment Policy Statements of the Permanent University Fund (PUF), General Endowment Fund (GEF) and ITF, and Exhibit B of the Investment Policy Statements for the Permanent Health Fund (PHF) and Long Term Fund (LTF) would be amended to reflect the proposed changes. Proposed changes included increasing the maximum range for the Credit-Related Fixed Income for the PUF, GEF, PHF, and LTF to 22.5% for each of the fiscal years ended August 31, 2009, 2010, and 2011. The maximum range for the ITF's Credit-Related Fixed Income would be increased to 12.5% for each of the fiscal years ended August 31, 2009, 2010 and 2011. The Lehman Brothers Global Aggregate index was changed to the Barclays Capital Global Aggregate, resulting from the acquisition of Lehman Brothers by Barclays Capital, Inc. in September 2008. The Lehman Brothers Global High-Yield index was changed to the Barclays Capital Global High-Yield. The MSCI Investable Hedge Fund Index was changed to the Hedge Fund Research Indices Fund of Funds Composite Index. Ms. Iberg and Mr. Myers answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments to the Exhibits A of the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, and Intermediate Term Fund and Exhibits B of the Investment Policy Statements of the Permanent Health Fund and Long Term Fund, as presented be, and are hereby, approved, subject to approval by the Corporation's Board of Directors.

There being no further business to come before the Policy or the Risk Committees, the joint meeting was adjourned at approximately 10:40 a.m.

Secretary: 
Joan Moeller

Approved:  Date: 7.9.2009
Colleen McHugh, Chair
Policy Committee of
The University of Texas Investment Management Company

Approved:  Date: 7/9/09
Charles Tate, Chair
Risk Committee of
The University of Texas Investment Management Company