

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

A meeting of the Policy Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **April 8, 2010**, 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, Janiece Longoria, 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:

Janiece Longoria, Chair
Printice L. Gary
Ardon E. Moore

thus constituting a majority and quorum of the Committee. 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; and various staff members. Also attending were Keith Brown of the McCombs School of Business at UT Austin; Charlie Chaffin, Jim Phillips, Moshmee Kalamkar, Miles Ragland and Roger Starkey of UT System Administration; and Jerry Turner of Andrews Kurth LLP. Chair Longoria called the meeting to order at 10:04 a.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 the approval of the minutes of the Policy Committee meeting held on June 30, 2009, and the Joint Meeting of the Policy and Risk Committees held on June 30, 2009. Upon motion duly made and seconded, the following resolution was adopted by the Committee, with Mr. Gary abstaining from voting since he was not a member of the Committee or Board at that time and therefore was not at the meetings held on June 30, 2009:

RESOLVED, that the minutes of the meeting of the Policy Committee held on **June 30, 2009** and the Joint Meeting of the Policy and Risk Committees held on **June 30, 2009**, be and are hereby, approved.

Increased Delegation of Authority for Investment Mandates Under Consideration

Mr. Zimmerman requested rearranging the agenda to skip to Tab 3 to discuss the investments for three mandates that exceeded Staff's delegated authority. Mr. Zimmerman explained that Staff had identified three managers that were currently above or near their delegated authority limits due to appreciation. Staff desired to make additional commitments to these managers as detailed in the presentation Delegation of Authority Investment Mandates Under Consideration included in the Committee meeting materials. He explained that these recommendations would need Board approval at its next meeting, but he wanted to provide information to the Committee for discussion prior to the Board meeting. Mr. Zimmerman asked Mr. Doak, Ms. Iberg and

Mr. Warner to discuss with the Committee Staff's rationale for requesting increases in the investment limits for each of the specific managers. Mr. Zimmerman, Ms. Iberg, Mr. Warner and Mr. Doak answered the Committee Members' questions. There was no action necessary by the Committee on this item.

Recommended Distribution Rates

Ms. Longoria asked Mr. Zimmerman to present the recommended distribution rates for the Permanent University Fund (PUF), Permanent Health Fund (PHF), Long Term Fund (LTF) and Intermediate Term Fund (ITF) for the fiscal year ending August 31, 2011. Mr. Zimmerman explained that each of the Funds' respective Investment Policy Statement provides guidelines to calculate the distribution amount or rate and provides the spending policy objectives of the Fund. He presented a Distribution Policy presentation that explained the current distribution rates and methodologies, rationale for distribution methodologies, distribution rate limitations, and a history and projections of distribution rates. Mr. Zimmerman presented Staff's recommendation that the Committee approve and recommend to the UTIMCO Board for approval the following distribution amounts and rates for the fiscal year ending August 31, 2011: 1) the distribution from the PUF to the Available University Fund be decreased by 1.9% from \$516,419,406 to \$506,395,811; 2) the distribution rate for the PHF be increased from \$0.0541 per unit to \$0.0554 per unit; 3) the distribution rate for the LTF be increased from \$0.3098 per unit to \$0.3172 per unit; and 4) the distribution rate for the ITF remain at 3.0% per annum. Mr. Zimmerman and Ms. Iberg answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the annual distribution amount for the Permanent University Fund be decreased from \$516,419,406 to \$506,395,811 for fiscal year 2011, effective with the September 1, 2010 distribution; the distribution rate for the Permanent Health Fund be increased from \$.0541 per unit to \$.0554 per unit for fiscal year 2011, effective with the November 30, 2010 quarterly distributions; the distribution rate for the Long Term Fund be increased from \$0.3098 per unit to \$0.3172 per unit for fiscal year 2011, effective with the November 30, 2010 quarterly distributions; and the distribution rate for the Intermediate Term Fund remain at 3.0% per annum for fiscal year 2011, effective with the September 1, 2010 monthly distribution.

BE IT FURTHER RESOLVED, that the annual distribution amount for the Permanent University Fund and the distribution rates for the Permanent Health Fund, Long Term Fund, and Intermediate Term Fund be, and are hereby, approved subject to approval and adoption by this Corporation's Board of Directors, and subject to approval by the Board of Regents of The University of Texas System.

There being no further business to come before the Committee, the meeting was adjourned at approximately 11:00 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Janiece M. Longoria
Janiece M. Longoria, Chair
Policy Committee of
The University of Texas Investment
Management Company

Date: 8/3/2010