

**MINUTES OF
MEETING OF THE RISK COMMITTEE 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 4, 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, 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 Committee:

Charles W. Tate, Chair
J. Philip Ferguson
Ardon 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; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; Uzi Yoeli, Senior Director – Portfolio Risk Management; Susan Chen, Director – Public Markets Investments; Harland Doak, Portfolio Manager, Fixed Income; Amanda Hopper, Senior Associate – Public Markets Investments; and various staff members. Also attending were Keith Brown of the McCombs School of Business at UT Austin; Moshmee Kalamkar of UT System Administration; and Bob Jewell of Andrews Kurth LLP. Chairman Tate called the meeting to order at 3:22 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 meeting of the Risk Committee held on July 8, 2010. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Risk Committee held on **July 8, 2010**, be, and are hereby, approved.

Categorization of New Mandates

Mr. Tate began the discussion of the Categorization of New Investment Mandates. He stated that there were fourteen new investment mandates and one re-categorization being submitted for the Committee's review and approval. There were also two mandates included in the "Mandate Categorization Watch-List" that will continue to be monitored by Staff for possible recategorization. He asked Mr. Zimmerman for further comments. Mr. Zimmerman presented details of the Staff recommendations for new mandate categorizations and one re-categorization prepared by Staff for the period beginning July 1, 2010, and ending October 15, 2010. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Mr. Tate asked Mr. Zimmerman to also describe the proposed mandate classification of a potential new investment which, based on its

investment guidelines, raises the question rather it should be classified as a More Correlated and Constrained ("MCC") investment or Less Correlated and Constrained ("LCC") investment. Mr. Zimmerman explained that Staff would like the Committee Members' advice on the categorization prior to making a commitment to the proposed mandate. He asked Ms. Hopper to further explain. Ms. Hopper presented the key issues on the proposed mandate and the Committee Members' gave Staff direction on the categorization that they requested. Mr. Zimmerman, Ms. Hopper and Ms. Gonzalez answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board adopted a Mandate Categorization Procedure on January 30, 2008, with an effective date of March 1, 2008, 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, to recommend re-categorization of any existing mandate if after the initial or annual categorization they become aware of a change(s) in the investment characteristics of the mandate that warrants a re-categorization, and to annually review all existing mandates; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from July 1, 2010, through October 15, 2010, and categorized each as required by the Procedure; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have recommended a re-categorization of one mandate that was originally approved by the Committee on January 23, 2008, and subsequently approved by the Committee for re-categorization on April 16, 2009; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations and the proposed re-categorization of one 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 Investment Mandate are hereby approved.

Compliance Summary Program

Mr. Tate asked Ms. Gonzalez to discuss the Compliance Report for the Quarter Ended August 31, 2010. Ms. Gonzalez presented the Investment Policies Compliance Report for the Quarter Ended August 31,

2010, monitoring compliance processes related to the Derivative Investment Policy, risk targets, asset allocation targets and ranges, and investment related restrictions in the Investment Policy Statements. Ms. Gonzalez reported to the Committee that there was one compliance issue on the Derivative Investment Policy. One external manager entered into OTC fx forwards that were not covered by ISDA agreements. These were reported as the Policy required and was corrected with the exception of open trades that unwound September 2010. Ms. Gonzalez provided an overview of the Institutional Compliance Action Plan for FY 2010 reporting that all action items were completed except for the web-based or electronic transmission of Certificate of Compliance on which work was ongoing. She also presented the Institutional Compliance Action Plan for FY 2011, which mostly includes on-going monitoring of the compliance program with the exception of revisions to the current records retention schedule and development of a business continuity plan. Ms. Gonzalez reported on the Institutional Compliance Program Annual Report for the Year Ended August 31, 2010, and mentioned that there would be changes to the Institutional Compliance Program Quarterly Reporting for next year, in response to UT System's request. She reported that the only activity on the Corporation's Compliance Hotline were hang-ups for the quarter ended August 31, 2010. Mr. Zimmerman and Ms. Gonzalez answered the Committee Members' questions.

Funds Update

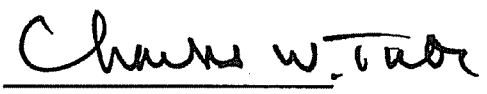
Mr. Tate asked Mr. Zimmerman to give the Funds Update. Mr. Zimmerman asked the Committee to advance to page 27 of the provided materials and asked Mr. Doak to discuss the Brazil Sovereign Inflation Linked Bonds. Mr. Doak explained that the main objective was to provide exposure to the Brazilian fixed income market with better risk/return attributes than allocating to a passive index. He provided rationale for the investment, explaining investment concerns and answered the Committee Members' questions. Mr. Zimmerman then asked Ms. Chen to discuss details of the equity skew trade. Ms. Chen gave background and highlights of an equity skew trade that was made to address the risk of market underperformance. She provided the pros and cons of the trade and gave an update of implementation to date and answered the Committee Members' questions. Mr. Zimmerman gave a few more highlights to the Fund Update, explaining that he would give a detailed update at the Board of Directors meeting on November 9, 2010. Mr. Zimmerman and Mr. Yoeli answered questions of the Committee Members.

With there being no further business to come before the Risk Committee, the meeting was adjourned at approximately 4:10 p.m.

Secretary:


Joan Moeller

Approved:


Charles W. Tate, Chair
Risk Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date:

