

**MINUTES OF THE MEETING 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 on **November 8, 2011**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Paul Foster, 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:

Paul Foster, Chairman  
J. Philip Ferguson, Vice Chairman  
Francisco G. Cigarroa, Vice Chairman for Policy  
Kyle Bass  
Printice L. Gary  
R. Steven Hicks  
Ardon E. Moore  
Charles W. Tate  
James P. Wilson

Accordingly, a majority and quorum of the Board was in attendance. Also attending the meeting was a member of The University of Texas System ("UT System") Board of Regents, Student Regent John Davis Rutkauskas. 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; Mark Warner, Managing Director - Natural Resources Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; Jim Phillips, Terry Hull, Whitney Henry, Charlie Chaffin, Roger Starkey, Matt Flores, and Moshmee Kalamkar of the UT System Administration; and Tom Wagner of Deloitte & Touche LLP. Mr. Foster called the meeting to order at 9:18 a.m.

**Minutes**

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on October 13, 2011. 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 13, 2011**, be, and are hereby, approved.

Mr. Foster asked to defer the item behind Tab 2, a Report from the Compensation Committee, until later in the meeting.

### **Audit and Ethics Committee Report**

Mr. Foster asked Mr. Hicks to provide a report on behalf of the Audit and Ethics Committee. Mr. Hicks reported that the Committee convened on November 3, 2011. He asked Mr. Tom Wagner, engagement partner from the independent accounting firm of Deloitte & Touche LLP, to give a short report to the Board regarding the completed audits of the Permanent University Fund (PUF), the UT System General Endowment Fund (GEF), the Permanent Health Fund (PHF), the UT System Long Term Fund (LTF), and the UT System Intermediate Term Fund (ITF) (collectively, the "Funds"). The Committee heard a comprehensive report from Mr. Wagner regarding Deloitte & Touche LLP's Financial Statement Audit Results and Communications and the audited financial statements of the Funds, and the Statement of Performance Statistics for the year ended August 31, 2011. Mr. Wagner answered the questions from the Board Members. The accounting staff was recognized for excellent work and cooperation with the audit team. Upon motion duly made and adopted, the following resolution was approved unanimously:

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, 2011, 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, 2011, and August 31, 2010, and the Statement of Investment Performance Statistics for the year ended August 31, 2011, be, and are hereby approved in the form as presented to the Board.

### **Compensation Committee Report**

Mr. Foster asked Mr. Ferguson to provide a report from the Compensation Committee. Mr. Ferguson reported that the Committee had met three times since the last Board meeting, on September 28, 2011, November 3, 2011 and November 8, 2011, prior to the Board meeting today. At its September meeting, the Committee approved the Designation of Employees in Eligible Positions as Participants in the Corporation's Compensation Program (the "Plan") for the 2011/2012 Performance Period, approved the Plan Participants' Qualitative Performance Goals (other than for the CEO) for the 2011-2012 Performance Period, and engaged Deloitte & Touche LLP to perform agreed upon procedure services for the Corporation's Compensation Program. At the November 3rd meeting, the Committee approved Amendments to Appendix B of the Plan (UTIMCO) Peer Group using information obtained from Cambridge Associates. Mr. Ferguson asked Mr. Zimmerman to briefly explain Exhibit 1, Designation of Plan Participants in Eligible Positions, and changes to Appendix B of the Plan (UTIMCO) Peer Group.

## Executive Session

Mr. Foster announced, at 9:35 a.m., 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 of the Board to consider 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, 2011. This Executive Session meeting of the Board is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is November 8, 2011, and the time is now 9:35 a.m." With the exception of Mr. Zimmerman, Student Regent Rutkauskas, Mr. Turner and Dr. Brown, all other meeting participants left the meeting at this time. Mr. Zimmerman left the meeting during discussions regarding his compensation matters.

## Open Session

The Board reconvened in open session and Mr. Foster 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 8, 2011, and the time is now 10:12 a.m. During the Executive Session, the Board deliberated individual personnel compensation matters but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session."

Mr. Foster asked Mr. Ferguson to continue with his report from the Compensation Committee. Mr. Ferguson, on behalf of the Committee, recommended several resolutions for approval by the Board. The first recommendation was regarding Exhibit 1, the Designation of Plan Participants in Eligible Positions in the 2011/2012 Performance Period. Upon motion duly made and seconded, the following resolution was adopted by the Board:

WHEREAS, Section 5.3.(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a "Participant" in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "Board") as an "Eligible Position" for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board has recommended the individuals who may become Participants for the 2011/2012 Performance Period set forth on Exhibit 1 attached hereto; and

WHEREAS, the UTIMCO Board has reviewed Exhibit 1 and wishes to select the individuals who may become Participants for the 2011/2012 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that, except as otherwise noted on Exhibit 1, the individuals set forth on Exhibit 1 attached hereto are hereby designated as "Participants" in the Plan for the 2011/2012 Performance Period, effective as of July 1, 2011.

The next resolution Mr. Ferguson recommended on behalf of the Committee was amendments to Appendix B (UTIMCO Peer Group). Upon motion duly made and seconded, the following resolution was 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, 2011.

Mr. Ferguson next presented the resolutions recommended for approval by the Committee related to the CEO's Personnel Performance Incentive Awards for the Performance Period ended June 30, 2011, and related to 2010/2011 Performance Incentive Awards for Plan Participants other than the CEO. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

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, the Compensation Committee has reviewed and approved the actual performance of the CEO during the 2010/2011 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 2010/2011 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.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Incentive Award for the 2010/2011 Performance Period in the amount of \$1,857,020 and be it

FURTHER RESOLVED, that of the CEO's \$1,857,020 Performance Incentive Award for the 2010/2011 Performance Period, 50% (\$928,510) will be deferred pursuant to the Plan.

And the resolution related to 2010/2011 Performance Incentive Awards for Plan Participants other than the CEO:

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 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 2010/2011 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 2010/2011 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 Board approves the Performance Incentive Awards for all Participants for the 2010/2011 Performance Period (excluding the CEO) in the total aggregate amount of \$5,361,137 and be it

FURTHER RESOLVED, that of the Performance Incentive Awards for the 2010/2011 Performance Period (excluding the CEO), approximately 34.5% (\$1,851,260) will be deferred pursuant to the Plan.

### **Risk Committee Report**

Mr. Foster asked Mr. Tate to provide a report from the Risk Committee. Mr. Tate reported that the Committee met on November 3, 2011. Mr. Tate stated that the Risk Committee approved 29 new investment mandate categorizations prepared by Staff for the period beginning July 1, 2011, and ending October 21, 2011. Mr. Tate asked Mr. Zimmerman to summarize the Staff's presentation to the Committee regarding 12 of the new mandate categorizations related to the insurance hedging program. Mr. Zimmerman gave a brief recap of the Exposure Reporting Methodology presentation discussed in detail during the Committee meeting. Mr. Tate also reported that the Committee heard a report from Ms. Gonzalez on compliance items for the Quarter Ended August 31, 2011. Mr. Zimmerman answered the Board Members' questions.

### **Emerging Market Task Force**

Mr. Foster asked Mr. Warner to provide a report from the Emerging Market Task Force. Mr. Warner explained that the Emerging Market Task Force was formed to focus on the endowments' emerging markets exposure across the portfolio. Mr. Warner and other task force members gave an update to the Board on the Task Force's activities and observations, including current exposure, country analysis and focus on investment opportunities. The Task Force members and Mr. Zimmerman answered the Board Members' questions.

At 11:30 a.m. the open meeting of the Board recessed for a Briefing Session and lunch.

The open meeting of the Board reconvened in open session at approximately 1:28 p.m.

### **Portfolio Update**

Mr. Foster asked Mr. Zimmerman to proceed with the Portfolio Update. Mr. Zimmerman explained that staff members from each of the specific portfolio areas would update the Board on investment activities. The Board heard presentations regarding portfolio allocations and activity, efforts and strategy, pipeline, and performance information from each of the Public Markets, Natural Resources, Less Correlated and Constrained, Private Markets, and Real Estate investment groups. Mr. Zimmerman and staff members answered the Board Members' questions.

### **Investment Environment and Opportunities**

Mr. Foster asked Mr. Zimmerman to lead the discussion on Investment Environment and Opportunities. Mr. Zimmerman said that since there had been recent discussions regarding the Corporation's investment environment and risks, he did not have anything to add to the discussion today. There was no further discussion on this topic.

**Special Purposes Entity**

Mr. Foster asked Mr. Turner to report to the Board on the use of Special Purposes Entities (SPE's) in the investment of the PUF, GEF, and the ITF. Mr. Turner discussed the use of SPE's, including benefits, disadvantages and shortcomings, and provided summary conclusions and recommendations. Mr. Turner answered the Directors' questions.

**Organization Update**

Mr. Foster asked Mr. Zimmerman to provide an Organization update. Mr. Zimmerman reported on the Corporation's staffing, years of service of Staff, an update on the search for a Chief Technology Officer, and review of IT strategy. He also discussed the Corporation's focus on hiring additional minority managers.

**UTIMCO Meeting Dates for 2012**

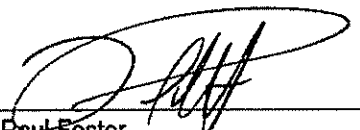
Mr. Foster confirmed 2012 meeting dates for the Corporation's committee and board meetings.

**Diligent Boardbook Training**

Mr. Foster asked a representative from Diligent Boardbooks to give a brief overview and provide training to the Board for the new board portal that the Corporation will be using going forward. Diligent Boardbooks allows the user to view materials online or offline from a secure platform, project the board book at a meeting, print paper books, and/or go paperless. Instruction books and password cards were handed out to the Board Members. The Diligent Boardbooks' representative, Mr. Zimmerman and Ms. Moeller answered the Directors' questions.

There being no further business to come before the Board, the meeting was adjourned at approximately 3:50 p.m.

Secretary:   
Joan Moeller

Approved:  Date: 2-10-2012  
Paul Foster  
Chairman, Board of Directors of  
The University of Texas Investment Management Company

**Exhibit 1**  
**Designation of Plan Participants in Eligible Positions**  
**in the 2011/2012 Performance Period**

<b>ELIGIBLE POSITION</b>	<b>PARTICIPANTS</b>
<i>Investment Professionals</i>	
CEO & Chief Investment Officer	Bruce Zimmerman
President and Deputy CIO	Cathy Iberg
Managing Director - Private Investments	Lindel Eakman
Managing Director – Investments	Mark Warner
Senior Director – Investments	Mark Shoberg
Senior Director – Investments	Ryan Ruebsahm
Senior Director – Investments	Susan Chen
Senior Director - Risk Management	Uzi Yoeli
Senior Portfolio Manager	Russ Kampfe
Portfolio Manager	Harland Doak
Director – Investments	Zac McCarroll
Senior Associate – Investments	Courtney Powers
Senior Associate – Investments	Edward Lewis*
Senior Associate – Investments	Amanda Hopper
Senior Associate - Private Investments	Scott Bigham
Senior Associate - Private Investments	Mike McClure
Senior Associate - Risk Management	Kate Wagner
Senior Analyst – Investments	Alison Hermann
Senior Analyst – Investments	Mukund Joshi
Senior Analyst – Investments	Daniel Senneff
Senior Analyst – Investments	Lara Jeremko
Analyst – Investments	Adam Scheve
Analyst – Investments	Drury Morris
Analyst – Investments	Wally Onadiji**
<i>Operations/Support Professionals</i>	
Senior Managing Director	Joan Moeller
General Counsel and Chief Compliance Officer	Cissie Gonzalez
Senior Manager	Gary Hill
Manager	Debbie Childers
Manager	Melynda Shepherd
Senior Financial Analyst	Lara McKinney

Participants are eligible as of July 1, 2011, unless otherwise noted.

\*Eligible as of August 1, 2011

\*\*Eligible as of August 29, 2011



## Appendix B

### UTIMCO Peer Group

- Columbia University
- Cornell University
- Duke University
- Emory University
- Harvard University
- Massachusetts Institute of Technology
- Northwestern University
- Princeton University
- Rice University
- Stanford University
- UNC Management Company
- University of California
- University of Chicago
- University of Michigan
- University of Notre Dame
- University of Pennsylvania
- University of Southern California
- University of Virginia
- 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 2009, 2010, 2011.