

**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 **January 26, 2011**, 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, Printice L. Gary, 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:

Printice L. Gary, Chair
J. Philip Ferguson
Erle Nye

thus constituting a majority and quorum of the Committee. Also attending the meeting was Paul Foster, Chairman of the Board. 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; and various staff members. Also attending were Charlie Chaffin, Moshmee Kalamkar, Jim Phillips, Terry Hull and Roger Starkey of The University of Texas System (UT System) Administration; and Jerry Turner of Andrews Kurth LLP. Committee Member Kyle Bass joined the meeting later as noted in the minutes, thus constituting a majority and quorum of the Board. Chairman Gary called the meeting to order at 9:04 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 July 8, 2010. Upon motion duly made and seconded, the following resolution was adopted by the Committee:

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

Proposed Amendments to Separately Invested Funds Investment Policy Statement

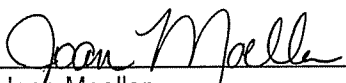
The next item for discussion by the Committee was the proposed amendments to the Separately Invested Funds (SIF) Investment Policy Statement. Mr. Gary stated that this was a request from the Office of Finance of UT System. He asked Mr. Zimmerman and Mr. Hull to provide details of the suggested amendments. Mr. Hull stated that UT System currently had approximately \$1.1 billion of bond proceeds available. Mr. Zimmerman explained that the Office of Finance staff had asked the Corporation to invest a portion of the debt proceeds from UT System bond issuances currently invested in the Short Term Fund

into a laddered portfolio. The laddered portfolio would be invested by the Corporation's internal Portfolio Managers. The Corporation's back office staff would provide the accounting services for the debt proceeds funds. The SIF Investment Policy Statement needed to be amended to allow for the investment of these funds by Staff. The proposed changes to the SIF Investment Policy Statement were included in the Committee meeting materials for the approval of the Policy Committee, with further approval of the UTIMCO Board and the UT System Board of Regents required. Mr. Bass joined the meeting during this discussion. Mr. Hull and Mr. Zimmerman answered the Committee Members' questions. Mr. Zimmerman also advised the Committee members that Staff would be seeking delegated authority from the UTIMCO Board for the Portfolio Managers to invest the debt proceeds. The Corporation's Portfolio Managers currently only have delegated authority to manage a fixed income portfolio valued at up to \$750 million. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendment to the Investment Policy Statement of the Separately Invested Funds, as presented be, and is hereby, approved, subject to approval by the Corporation's Board of Directors.

Mr. Zimmerman followed with a summary of the agenda items and topics of discussions for the Board Strategy Offsite Meeting scheduled for the next week. Mr. Gary asked Mr. Bass to express his concerns regarding the Corporation's Derivative Investment Policy (Policy) that he mentioned at the last meeting. Mr. Bass said he had studied the Policy and felt it needed to be reviewed and possibly amended. Mr. Zimmerman noted that the Policy would be discussed in detail at the Strategy Offsite Meeting. Mr. Gary was pleased to know that this topic would be discussed and suggested that after studying and discussing the Policy, the Committee consider suggested changes at a future meeting.

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:35 a.m.

Secretary: 
Joan Moeller

Approved: 
Printice Gary, Chair
Policy Committee of
The University of Texas Investment
Management Company

Date: 4/14/11