

**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 **July 7, 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, Charles W. 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
Kyle Bass
J. Philip Ferguson
Ardon Moore

Also attending the meeting was Paul Foster, Chairman of the Board, thus constituting a majority and quorum of the Committee and the Board. 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; Uzi Yoeli, Senior Director – Portfolio Risk Management; Harland Doak, Portfolio Manager - Fixed Income Investments; and various staff members. Also attending were Charlie Chaffin, Moshmee Kalamkar and Terry Hull of The University of Texas System (UT System) Administration; Jerry Turner and Bob Jewell of Andrews Kurth LLP; and Keith Brown of the McCombs School of Business at UT Austin. Mr. Tate called the meeting to order at 8:35 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 approval of the minutes of the meeting of the Risk Committee held on April 7, 2011. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Risk Committee of the Board of Directors held on April 7, 2011, be, and are hereby, approved.

Mandate Categorizations

Mr. Tate asked Mr. Zimmerman to summarize the Categorization of New Investment Mandates. Mr. Zimmerman stated that there were 13 new investment mandate categorizations prepared by Staff for the period beginning March 23, 2011, and ending June 30, 2011. The "Mandate Categorization Watch-List" continues to be monitored by Staff for possible recategorization. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Mr. Zimmerman 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 March 23, 2011, through June 30, 2011, and categorized each as required by the Procedure; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations 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.

Use of Broker-Dealers

Mr. Tate asked Mr. Zimmerman to explain the use of Broker Dealers. Mr. Zimmerman began by explaining that Staff authorized to trade are only permitted to conduct trades with a Broker-Dealer on the Approved Fixed Income Broker-Dealer List. Staff makes approximately 12 trades a month. The Approved Fixed Income Broker-Dealer Procedure, effective July 1, 2008 (the Procedure), includes an Approved Fixed Income Broker-Dealer List (the List). In order to be added to the List, a Broker-Dealer must meet the following criteria: (1) usage of delivery versus payment; (2) documentation of overall desirability of sales coverage; (3) adequate financials, which would require a copy of the Broker-Dealer's current FOCUS report on file; (4) a copy of the latest annual report containing an unqualified auditor's opinion; and (5) trading authorization signed by a corporate compliance officer. The Procedure also requires an annual review of the List by a committee comprised of the UTIMCO Traders, the CEO and Chief Investment Officer, the President and Deputy CIO, and the General Counsel and Chief Compliance Officer using the same criteria. No approval from the Committee is required for a Broker-Dealer meeting all eligibility criteria. However, approval is required to retain as eligible or add a Broker-Dealer that does not meet all eligibility criteria. Russ Kampfe, Senior Portfolio Manager – Fixed Income Investments, reviewed the criteria for all Broker-Dealers on the List and presented the results of the annual review of the List and work performed on potential additions to the List with the committee. The review was performed in accordance with the Procedure and Committee approval for the Revised Exhibit A, Approved Fixed

Income Broker-Dealer List as of July 7, 2011 was requested by Staff. Mr. Zimmerman and Mr. Doak answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Corporation adopted an Approved Fixed Income Broker-Dealer Procedure, effective July 1, 2008 (the Procedure), which includes an Approved Fixed Income Broker-Dealer List (the List); and

WHEREAS, in order to be added to the List, a Broker-Dealer must meet certain criteria regarding: (1) usage of delivery versus payment; (2) documentation of overall desirability of sales coverage; (3) adequate financials, which would require a copy of the Broker-Dealer's current FOCUS report on file; (4) a copy of the latest annual report containing an unqualified auditor's opinion; and (5) trading authorization signed by a corporate compliance officer; and

WHEREAS, the Procedure requires an annual review of the List by a committee comprised of the UTIMCO traders, the CEO and Chief Investment Officer, the President and Deputy CIO, and the General Counsel and Chief Compliance Officer using the same criteria (Corporation's staff); and

WHEREAS, the Corporation's staff performed the annual review in accordance with the Procedure and has recommended that for the reasons discussed with the Committee, the Committee approve the addition of two and the retention of eight Broker-Dealers that did not meet all of the criteria required to be added to or retained on the List and highlighted on the Revised Exhibit A, Approved Fixed Income Broker-Dealer List, As of July 7, 2011; and

WHEREAS, the Committee concurs in the recommendation of Corporation's staff.

NOW, THEREFORE, BE IT

RESOLVED, that the addition of two and the retention of eight Broker-Dealers as highlighted on the Revised Exhibit A, Approved Fixed Income Broker-Dealer List, As of July 7, 2011 are hereby approved.

Compliance Summary Program

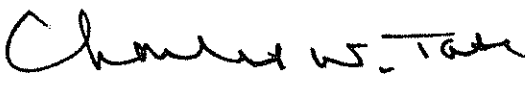
Mr. Tate asked Ms. Gonzalez to discuss the Compliance Summary Program. Ms. Gonzalez reported on the compliance matters for the fiscal quarter ending May 31, 2011, including employee training, the preclearance of trades and the Corporation's Compliance Hotline. She reported a compliance matter regarding the Derivative Investment Policy. There was no activity on the Compliance Hotline for the quarter ending May 31, 2011. Ms. Gonzalez continued by presenting the Investment Policies Compliance Report for the Quarter Ended May 31, 2011. Ms. Gonzalez presented the Institutional Compliance Program report for the Quarter Ended May 31, 2011, and presented the updated Institutional Compliance Action Plan for FY 2011, which included on-going monitoring of the compliance program, ethics training, and an update on the revised records retention plan and new business continuity plan. Mr. Zimmerman, Ms. Iberg and Ms. Gonzalez answered the Committee Members' questions.

Funds Update

Mr. Tate asked Mr. Zimmerman to give a summary of the Funds Update. Due to time constraints, Mr. Zimmerman asked that Mr. Yoeli report specifically on the current risk environment. Mr. Yoeli discussed risk decomposition, explaining a new chart on derivative risk contribution in detail, risk adjusted ratios, correlations, and hypothetical performance of the current portfolio in selected economic stress environments. Mr. Zimmerman, Ms. Iberg and Mr. Yoeli answered the Committee Members' questions.

At this time, the Risk Committee convened with the Policy Committee for a Joint Policy/Risk Committee.

Secretary: 
Joan Moeller

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

Date: 02/08/11