

**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 3, 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

thus constituting a majority and quorum of the Committee. Director Ardon Moore did not attend the meeting. 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; 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, Terry Hull, Roger Starkey and Whitney Henry of The University of Texas System Administration; Jerry Turner of Andrews Kurth LLP; and Keith Brown of the McCombs School of Business at The University of Texas at Austin. Mr. Tate called the meeting to order at 2:32 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 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 July 7, 2011, be, and are hereby, approved.

Exposure Reporting Methodology

Mr. Tate asked Mr. Zimmerman to discuss the new Mandate Categorizations. After a short discussion, it was decided to review the Exposure Reporting Methodology prior to discussing the Mandate Categorizations. Mr. Zimmerman asked Ms. Iberg to report on the Exposure Reporting Methodology. She presented the combined Permanent University Fund (PUF) and General Endowment Fund (GEF) asset allocation before adjustment for derivative exposure and then discussed the various derivative transactions employed in the PUF, GEF and the Intermediate Term Fund (ITF). Ms. Iberg explained the impact of these derivative transactions on the asset classes in the Investment Policy Statements based on the guidelines outlined in the Derivative Investments Controls and Processes procedure established by Staff. She and Mr. Zimmerman explained that Staff had established Derivative Investments Controls and

Processes procedure to ensure all derivative transactions had been approved, processed and reported in a uniform manner. Mr. Zimmerman and Ms. Iberg answered the Committee Members' questions.

Mandate Categorizations

Mr. Tate asked Mr. Zimmerman to summarize the Categorization of New Investment Mandates. Mr. Zimmerman stated that there were 29 new investment mandate categorizations prepared by Staff for the period beginning July 1, 2011, and ending October 21, 2011. He reviewed each of the new categorizations. 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.

Compliance Summary Program

Mr. Tate asked Ms. Gonzalez to discuss the Compliance Summary Program. Ms. Gonzalez reported on the Compliance Summary Program for the fiscal quarter ending August 31, 2011, which monitors the Derivative Policy, the risk targets, asset allocation targets and ranges and other investment related

restrictions. She reported that there were no compliance issues for the quarter. Ms. Gonzalez then presented the Institutional Compliance Program annual report for the Period Ended August 31, 2011, which included on-going monitoring of the compliance program, including employee training, the preclearance of trades and the Corporation's Compliance Hotline. There was no activity on the Compliance Hotline for the quarter ending August 31, 2011, and only two calls reported for the fiscal year which were both hang-ups. She also noted that the Assessment of Control Structure for High Risk Area #2: Investment Risk Management had been changed from "Opportunity for Enhancement" to "Well Controlled", due to the efforts made by the Risk Team to develop procedures and document work performed in the Risk Management area. She also presented the updated Institutional Compliance Action Plan for FY 2011 and the Action Plan for 2012.

There being no further business to come before the Committee, the meeting was adjourned at approximately 3:15 p.m.

Secretary: Joan Moeller
Joan Moeller

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

Date: 2/2/2012