

**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 5, 2012**, 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
Ardon E. Moore

thus constituting a majority and quorum of the Committee. Committee Member Morris Foster did not attend the meeting. Paul Foster, Chairman of the Board, attended the meeting. Employees of the Corporation attending were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Uzi Yoeli, Senior Director – Portfolio Risk Management; Gary Hill, Senior Manager – Investment Reporting; and various staff members. Also attending were Jerry Turner of Andrews Kurth LLP; Jim Phillips, Terry Hull, Whitney Henry, Moshmee Kalamkar and Roger Starkey of The University of Texas System Administration; and Keith Brown of the McCombs School of Business at The University of Texas at Austin. Cathy Iberg, President and Deputy CIO, joined later in the meeting, as noted in the minutes. Mr. Tate called the meeting to order at 8:34 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 and the joint meeting of the Policy and Risk Committees held on July 5, 2012. 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 and the Joint Meeting of the Policy and Risk Committees held on July 5, 2012, be, and are hereby, approved.

Mandate Categorizations

Mr. Tate summarized the Categorization of New Investment Mandates. He stated that there were 14 new investment mandate categorizations prepared by Staff for the period beginning June 26, 2012, through October 19, 2012. Mr. Tate asked Mr. Zimmerman if he would like to elaborate on any of the categorizations. Mr. Zimmerman said they were all straightforward with regards to categorization, but pointed out that some of the new categorizations were co-investments. He answered the Committee Members' questions. Mr. Bass asked whether Staff had given any thought to negative nominal rates and its effect on institutional money market portfolios. Mr. Zimmerman replied that Staff had considered but

would discuss in more detail. Mr. Zimmerman also reported that the investment funds' money market fund at Dreyfus was inaccessible during "Super Storm Sandy". The unavailability of the money market fund created liquidity concerns for UT System. Staff worked with Terry Hull and his staff and BNY/Mellon agreed to provide liquidity essentially by borrowing against the GEF without cost.

Mr. Tate asked Mr. Zimmerman to provide information regarding the "Mandate Categorization Watch-List". Mr. Zimmerman stated that the Watch List continues to be monitored by Staff for possible recategorization. Owl Creek Oversees Fund, Ltd. was the only mandate added to the Watch-List. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. 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 June 26, 2012, through October 19, 2012, and categorized each as required by the Procedure; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations of 14 new mandates 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.

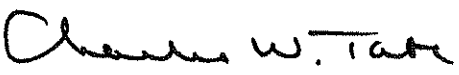
Compliance Summary Program

Mr. Tate asked Mr. Zimmerman to present the Compliance Summary Program. Mr. Zimmerman reported no compliance issues were in the Compliance Summary Program report for the fiscal quarter ending August 31, 2012, which monitors the Derivative Investment Policy, the risk targets, asset allocation targets and ranges and other investment related restrictions. Also provided to the Committee was the Institutional

Compliance Program Report for the Period Ended August 31, 2012, including on-going monitoring of the compliance program, employee training, the preclearance of trades and the Corporation's Compliance Hotline. Mr. Zimmerman concluded by reviewing the updated Institutional Compliance Action Plan for FY 2012, including reporting on the progress of the Records Retention Procedure and Business Continuity Plan. He reported that a new position for Legal and Compliance was in the interview stage. He also reported, in response to a Committee Member's question, that all employees were required to include compliance with the personal trading policy as an individual qualitative goal. Mr. Zimmerman gave an update on the State Auditor's follow-up audit and answered the Committee Members' questions. Mr. Zimmerman agreed to provide the Board Members a short report from counsel at a future meeting on how peers are handling employee securities trading and best practices. Ms. Iberg joined the meeting at this time to answer the Directors' questions regarding the historical view of investment in warrants. Staff will review the investments in warrants language in each of the Investment Policies and determine whether any changes are necessary.

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:10 a.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: 1/25/13