

**MINUTES OF 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 December 3, 2013, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Morris 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:

Morris Foster, Chairman
Ardon E. Moore, Vice Chairman
Francisco G. Cigarroa, Vice Chairman for Policy
Kyle Bass
R. Steven Hicks
Jeffery D. Hildebrand
Bobby Stillwell
Charles W. Tate
James P. Wilson

Chairman Foster called the meeting to order at 9:10 a.m. Accordingly, a majority and quorum of the Board was in attendance. Chancellor Cigarroa, Vice Chairman for Policy, joined later in the meeting, as noted in the minutes, by conference telephone enabling all persons participating in the meeting to hear each other. 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; Lindel Eakman, Managing Director – Private Markets Investments; Ryan Ruebsahm, Managing Director – Marketable Alternatives Investments; Mark Shoberg, Managing Director - Real Estate Investments; Mark Warner, Managing Director – Natural Resources; Uzi Yoell, Senior Director - Portfolio Risk Management; Uche Abalogu, Chief Technology Officer; Jon Ellison – Investment Counsel; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; Allen Hah, Terry Hull, Mike Peppers, Jim Phillips, Guillermo Garcia and Roger Starkey of The University of Texas System ("UT System") Administration; and Tom Wagner and Robert Cowley of Deloitte and Touche LLP. Copies of materials supporting the Board meeting agenda were previously furnished to each Director.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on November 4, 2013. 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 November 4, 2013, be, and are hereby, approved.

Corporate Resolutions

Chairman Foster introduced the new Board members, Jeffery Hildebrand and Bobby Stillwell. Chancellor Cigarroa joined the meeting at this time. Mr. Zimmerman introduced new employees of the Corporation. Chairman Foster proposed new Board committee assignments as a new director had been appointed since the last committee assignments were made. The UT System Board of Regents appointed Robert L. (Bobby) Stillwell to the Board, as a UT System Regent member, on November 14, 2013. Upon motion duly made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Audit and Ethics Committee of the Board of Directors:

- James P. Wilson
- R. Steven Hicks
- Robert L. Stillwell
- Charles W. Tate

subject to approval by the Board of Regents of The University of Texas System at a future meeting, to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that James P. Wilson is hereby designated the Chair of the Audit and Ethics Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Risk Committee of the Board of Directors:

- Charles W. Tate
- Kyle Bass
- Jeffery D. Hildebrand
- Ardon E. Moore

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Charles W. Tate is hereby designated the Chair of the Risk Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Policy Committee of the Board of Directors:

- Robert L. Stillwell
- R. Steven Hicks
- Jeffery D. Hildebrand
- James P. Wilson

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Robert L. Stillwell is hereby designated the Chair of the Policy Committee and shall preside at its meetings.

Chairman Foster recommended approval of Mr. Zimmerman's request to the Board that Ryan Ruebsahm and Susan Chen be appointed as officers of the Corporation. Managing Directors are considered officers of the Corporation and they were both promoted to Managing Director as of September 1, 2013. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Ryan Ruebsahm and Susan Chen are hereby appointed to the office of Managing Director of the Corporation to serve until the next Annual Meeting of the Corporation or until his or her resignation or removal.

Investment Objectives

Chairman Foster asked Mr. Zimmerman to lead the discussion regarding Investment Objectives. Mr. Zimmerman provided a presentation *Investment Objectives* to the Board. Mr. Zimmerman presented three risk/return objectives and then provided background for each one. The first section, "Distributions + Inflation", provided PUF variables, PUF distribution policy with actual percentage and actual dollars, purchasing power parity, projected returns and risk, projected PUF distributions and PUF returns. The second section, "Staff Value Add", provided value add history, actual versus policy risk downside, portfolio information ratio, and tactical allocation. The third investment objective presented was "Peers". Mr. Zimmerman provided information on peer ranking, peer asset allocation and alternative asset allocations and return and distribution expectations. Mr. Zimmerman, Ms. Iberg, Mr. Warner, Mr. Ruebsahm answered the Director's questions. Mr. Zimmerman also provided to the Board a copy of Cambridge Associates LLC 2013 *The Endowment Model 2.0: A Success Story That Endures A Practitioner's Perspective* for their review.

Investment Initiatives

Chairman Foster asked Mr. Zimmerman to provide information on Investment Initiatives. Mr. Zimmerman explained the Corporation's 2014 Strategic Focus, dividing it into two sections, Platform and Portfolio. The platform will be discussed later in the meeting. He asked each of the managing directors to give an overview of their various portfolio investment initiatives.

At approximately 11:15 a.m. the Board recessed for a briefing session, followed by lunch.

The meeting of the Board reconvened in open session at approximately 1:04 p.m.

Executive Session

Chairman Foster announced, at 1:05 p.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 for the purpose of deliberating individual personnel compensation and evaluation matters, including Report of Compensation Committee regarding performance incentive awards for UTIMCO Compensation Program

participants for the performance period ended August 31, 2013, pursuant to Section 551.074 Texas Government Code; and to consult with Counsel regarding legal matters or pending and/or contemplated litigation or settlement offers pursuant to Section 551.071, Texas Government Code. The date is December 3, 2013, and the time is now 1:05 p.m." With the exception of Mr. Zimmerman, Mr. Turner and Ms. Gonzalez, all attendees left the meeting. Ms. Gonzalez left the meeting during discussion regarding compensation matters. Mr. Zimmerman did not participate during discussion regarding his own compensation matters. Chancellor Cigarroa left the meeting at this time.

Open Session

The Board reconvened in open session and Chairman 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 December 3, 2013, and the time is now 1:58 p.m. During the Executive Session, the Board deliberated individual personnel compensation and evaluation matters and consulted with Counsel regarding legal matters or pending and/or contemplated litigation or settlement offers but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session."

Risk Committee Report

Chairman Foster asked Mr. Tate to provide a report from the Risk Committee. Mr. Tate reported that the Committee met on November 18, 2013. He stated that the Risk Committee approved 15 new investment mandate categorizations prepared by Staff for the period beginning June 22, 2013, and ending November 1, 2013 and reviewed the watch list. The Committee also heard a report regarding structured notes, and in particular, whether a particular instrument should be treated as a "structured note", hence excluded from the definition of Derivative Investments as provided in the Derivative Policy Statement. Staff determined and the Committee agreed that Participation notes ("P-notes") should be included within the definition of structured notes; therefore, excluded from the definition of Derivative Investments in the Derivative Investment Policy. In addition to the categorization of new mandates and review of existing mandates, Staff performed an in-depth review of mandates with multiple Investment Type criteria with the objective of determining the integrity of their Investment Type categorizations. Staff reviewed the Mandate Categorization Update presentation with the Committee. The Committee also heard a report from Ms. Gonzalez on compliance items for the quarter ending August 31, 2013.

Audit and Ethics Committee Report

Chairman Foster asked Mr. Wilson to provide a report on behalf of the Audit and Ethics Committee. Mr. Wilson reported that the Committee met on October 28, 2013 and December 2, 2013. At the October 28th meeting, the Committee approved and with the CEO jointly recommended to the Compensation Committee, subject to approval by the UTIMCO Board, the Base Salary, Performance Goals, Performance Incentive Plan Participation, Weightings and Incentive Award Opportunities, and Performance Goals for the General Counsel and Chief Compliance Officer for the 2013-2014 Performance Period. At the December 2nd meeting, the Committee heard a report from Mr. Wagner and Mr. Cowley from Deloitte & Touche LLP, and approved the Financial Statement Audit Results and Communications on the Investment Funds Under the Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2013. The Committee also approved the separate annual financial statements and audit reports for the

Permanent University Fund, the UT System General Endowment Fund, the Permanent Health Fund, the UT System Long Term Fund, and the UT System Intermediate Term Fund, each for the fiscal years ended August 31, 2013 and August 31, 2012, and the Statement of Investment Performance Statistics for the year ended August 31, 2013. The Committee approved a recommendation, jointly with the CEO, to the Compensation Committee, subject to approval by the UTIMCO Board, of the Performance Incentive Award for the General Counsel and Chief Compliance Officer for the 2012-2013 Performance Period. The Committee heard a report from the UT System Audit office and a quarterly compliance report from Ms. Gonzalez. Mr. Wilson asked Mr. Wagner to give a brief report of the audit results for the year. Mr. Wagner provided a summary of the Audit Results and Communications to the Board. The accounting staff was recognized for excellent work and cooperation with the audit team. Mr. Wagner, Mr. Cowley and Mr. Zimmerman answered the Directors' questions. 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, 2013, 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, 2013, and August 31, 2012, and the Statement of Investment Performance Statistics for the year ended August 31, 2013, be, and are hereby approved in the form as presented to the Board.

Compensation Committee Report

Chairman Foster asked Mr. Bass to report on behalf of the Compensation Committee. Mr. Bass reported that the Compensation Committee had met on November 18, 2013 and on December 3, 2013, prior to the Board meeting. He reported that there were three action items from the Compensation Committee requiring Board approval. On behalf of the Committee, Mr. Bass recommended the Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended August 31, 2013. Upon motion duly made and seconded, the following resolution was 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 2012/2013 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 2012/2013 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 2012/2013 Performance Period in the amount of \$1,270,660 and be it

FURTHER RESOLVED, that of the CEO's \$1,270,660 Performance Incentive Award for the 2012/2013 Performance Period, 50% (\$635,330) will be deferred pursuant to the Plan.

And also recommended by the Committee, upon motion duly made and seconded, the following resolution was unanimously adopted:

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 2012/2013 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 2012/2013 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 2012/2013 Performance Period (excluding the CEO) in the total aggregate amount of \$6,131,399 and be it

FURTHER RESOLVED, that of the Performance Incentive Awards for the 2012/2013 Performance Period (excluding the CEO), 26% (\$1,587,585) will be deferred pursuant to the Plan.

The final resolution recommended by the Committee for Board approval was to add new employees as participants in the Corporation's Compensation Program. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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 Spencer Swayze (Senior Associate – Investments) and Kyle Burhop (Analyst – Investments) becoming Participants for the 2013/2014 Performance Period; and

WHEREAS, the UTIMCO Board wishes to select Spencer Swayze (Senior Associate – Investments) and Kyle Burhop (Analyst – Investments) as Participants for the 2013/2014 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that, Spencer Swayze (Senior Associate – Investments) and Kyle Burhop (Analyst – Investments) be designated as "Participants" in the Plan for the 2013/2014 Performance Period, effective as of December 2, 2013 and January 2, 2014, respectively.

Emerging Markets Investments

Chairman Foster asked Mr. Zimmerman to discuss the Emerging Markets Investments. Mr. Zimmerman asked Mr. Warner and Mr. Ellison to explain the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act and describe possible sources of exposure. They explained current Corporation procedures including pre-commitment diligence, legal structuring and protections. Mr. Warner and Mr. Ellison will continue to take the lead in developing best practices with respect to due diligence, legal structuring and manager/partner practices and compliance. Mr. Bass left the meeting at this time.

Document Management Center Demonstration

Mr. Zimmerman asked Mr. Abalogu to provide information on the new document management system. Mr. Abalogu provided a real-time, on-line demonstration of some of the features of the new Corporation's Investment Support System's Document Management Center to the Board. Mr. Zimmerman and Mr. Abalogu answered the Directors' questions.

CEO Board Service

Chairman Foster asked Mr. Zimmerman to explain his request for recommendation of his service as a Board member of Anti-Defamation League of Austin (ADL). Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Board of Directors hereby approves external board service for Mr. Bruce Zimmerman, CEO and Chief Investment Officer of the Corporation, as a board member of the Anti-Defamation League Austin; and be it

FURTHER RESOLVED, that all external board service will not give rise to conflicts of interest; and be it

FINALLY RESOLVED, that this external board service will meet all requirements of the Code of Ethics and the Master Investment Management Services Agreement for the Corporation applicable to external board service.

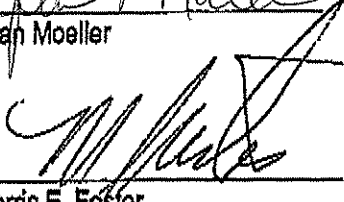
2014 Meeting Dates

The 2014 board and committee meeting dates were handed out to the Board. Chairman Foster stated that legislative changes had been made during the last session regarding the Open Meetings Act. He asked Mr. Turner to explain the new laws that became applicable to Board meetings held after June 14, 2013, the effective date of the legislation. Mr. Turner summarized the changes and said that he and Ms. Gonzalez will provide a refresher presentation to the Board at a future meeting regarding the Open Meetings Act. Mr. Turner and Ms. Gonzalez answered the Directors' questions.

Mr. Zimmerman gave a very brief funds update for the first two months of the quarter, giving a 1st day flash for November.

There being no further business to come before the Board, the meeting was adjourned at approximately 2:56 p.m.

Secretary: 
Joan Moeller

Approved:  Date: 3/12/14
Morris E. Foster
Chairman, Board of Directors of
The University of Texas Investment Management Company