

**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 April 13, 2015, 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, Kyle Bass, 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:

Kyle Bass, Chair  
H. Lee S. Hobson  
John D. White

thus constituting a majority and quorum of the Committee. Committee Member Ardon E. Moore did not attend the meeting. Committee Chair ("Chairman") Bass called the meeting to order at 11:08 a.m. Director Phil Adams also attended the meeting. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Uzi Yoell, Managing Director – Portfolio Risk Management; Ryan Ruebsahm, Managing Director – Marketable Alternative Investments; Russ Kampfe, Sr. Portfolio Manager – Fixed Income Investments; and other staff members. Other attendees were Eric Polonski of The University of Texas System ("UT System") Administration; Jerry Turner of Andrews Kurth LLP; and Keith Brown of the McCombs School of Business at UT Austin. 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 January 30, 2015, meeting of the Risk Committee. 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 January 30, 2015, be, and are hereby, approved.

**Mandate Categorization**

Chairman Bass asked Mr. Zimmerman to give a brief explanation of the new mandate categorizations requiring approval by the Committee. Mr. Zimmerman summarized the 14 new investment mandate categorizations prepared and recommended by Staff for the period beginning January 21, 2015 and ending March 31, 2015, and gave an explanation of mandates on the watch list. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Mr. Zimmerman answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the purpose of the Mandate Categorization Procedure, amended as of July 22, 2013, is 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, and to review mandates prior to each Risk Committee meeting to determine whether there have been any change(s) in the investment characteristics of the mandate that warrant a re-categorization and, if so, to recommend re-categorization to the Risk Committee for their approval or re-categorization; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from January 21, 2015 through March 31, 2015, and categorized each as required by the Procedure; and

WHEREAS, the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer have reviewed existing mandates and determined there have been no changes in the investment characteristics of the mandates to warrant re-categorization; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations of fourteen 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**


Chairman Bass asked Ms. Gonzalez to present the Compliance Summary Program update. Ms. Gonzalez presented to the Committee the Investment Policies Compliance Report for the Quarter Ended February 28, 2015. She reported that in the securities lending area there were two violations in January. The account cash collateral must maintain a minimum overnight liquidity level of 20% and policy imposes a limit of 30% exposure to Domestic Banks, Bank Holdings Companies & Foreign Banks. Cash collateral dropped at the end of the month, which caused liquidity to drop to below 20% and the bank exposure as a percentage of the portfolio to rise to over 30%. The violations were due a sudden drop in securities volume on loan. During the normal course of business, both exposures were back in compliance the following day. Mr. Kampfe explained what he learned from discussions with Mellon, UTIMCO's securities lending agent. Mr. Zimmerman, Ms. Gonzalez and Mr. Kampfe answered the Committee Members' questions. Also monitored were the risk targets, asset allocation targets and ranges, and other investment related restrictions. Ms. Gonzalez also presented to the Committee the Institutional Compliance Program Report for the Quarter Ended February 28, 2015, including on-going monitoring of the compliance program,

employee training, the preclearance of trades, and the Corporation's Compliance Hotline. Ms. Gonzalez gave an update on the Institutional Compliance Action Plan for FY 2015.

Funds Update

Chairman Bass asked Mr. Zimmerman to provide the risk and performance report. Mr. Zimmerman stated that he would be providing a very detailed funds update at the next Board of Directors meeting, so there was no need to give more than a brief summary at this meeting. Mr. Zimmerman summarized the Endowment Dashboard and stated that he would discuss other sections of the Funds Update in more detail at the Board meeting. Mr. Zimmerman and Dr. Yoeli answered the Committee Member's questions.

There being no further business to come before the Risk Committee, the meeting was adjourned at approximately 11:41 a.m.

Secretary:   
Joan Moeller

Approved:   
Kyle Bass, Chair  
Risk Committee of the Board of Directors of  
The University of Texas Investment  
Management Company

Date: 7/21/15