

**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 1, 2016**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Jeffery D. Hildebrand, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the Internet. Participating in the meeting were the following members of the Board:

Jeffery D. Hildebrand
Phil Adams
Kyle Bass
David J. Beck
R. Stephen Hicks
H. Lee S. Hobson
Ray Nixon
Ray Rothrock

thus constituting a majority and quorum of the Board. William H. McRaven, Vice Chairman for Policy did not attend the meeting. Chairman Hildebrand called the meeting to order at 9:39 a.m. Employees of the Corporation attending the meeting were Mark Warner, Interim CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Russ Kampfe, Managing Director - Fixed Income; Susan Chen, Managing Director - MCC, Technology & Deal Legal; Uzi Yoeli, Managing Director - Risk Management; Ryan Ruebsahm, Managing Director - LCC & Credit; Eddie Lewis, Senior Director - Real Estate; Melynda Shepherd, Manager - Human Resources; Suneel Kaji, Director - Emerging Markets; Ben Murray, Operational Due Diligence Analyst; Angelica Lopez-Ramos, Portfolio/Endowment Accountant; Stephanie Brenner-Brown, Investment Team Coordinator - MCC and other staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner and Bob Jewell of Andrews Kurth Kenyon LLP; Allen Hah, Roger Starkey, and Melanie Thompson of UT System; Maria Robinson and David Rejino of Texas A&M University System; and Robert Cowley and Aaron Dixon of Deloitte & Touche LLP. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Approval of Minutes

The first item to come before the Board was approval of the Minutes of the Board of Directors Meeting held on October 13, 2016. 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 October 13, 2016, be, and are hereby, approved.

FY16 Performance Update

Chairman Hildebrand asked Mark Warner to update the Board on the FY16 performance. Mr. Warner provided an update of FY16 performance versus the policy portfolio benchmark for the funds under management. Mr. Warner discussed absolute and relative return level performance for the 1, 3, 5, 7 and 10-year periods. Mr. Warner further discussed the portfolio outperformance to policy for all years but the 1-year period. The net performance for the 12 months ended August 31, 2016, for the GEF was 4.03% and for the PUF was 3.94%. For the 7-year period the endowment had grown \$4 billion dollars, net of distributions, on a nominal basis, or \$1.8 billion on a real basis, including inflation. Mr. Warner answered the Director's questions.

Risk Committee Report

Chairman Hildebrand asked Mr. Bass to provide a report from the Risk Committee. Mr. Bass reported that the Committee met on November 17, 2016 and had two action items from that meeting. The first action item was to approve the minutes from the July 12, 2016 meeting. The second action item before the Risk Committee was the approval of 20 new investment mandate categorizations and one mandate recategorization, prepared by Staff for the period beginning July 2, 2016 and ending November 7, 2016. The final item before the Committee was a review and discussion of compliance reporting.

Mr. Bass then updated the Board on two outstanding compliance items from a previous meeting and their resolutions. The first outstanding item was the compliance breach reported by staff with regard to trading authorization. As discussed at the previous Risk Committee meeting, Ms. Gonzalez was to provide and had provided the list of authorized traders to all counterparties in derivative investment transactions. The compliance staff will ensure that the list of authorized traders is furnished to all counterparties any time it is updated to avoid any future breaches. The second outstanding item related to the Investment Grade Fixed Income portfolio. Mr. Bass turned the discussion over to Mr. Kampfe who began by providing the Board with some background on the current Investment Grade Fixed Income portfolio, its role, and its performance. Mr. Kampfe acknowledged Mr. Bass' concerns that the portfolio does own bonds with a duration greater than 2 and a negative yield in their own currency. Staff is aware of this and explained to the Board that when these bonds hedged back to US Dollars, the yields are positive and are competitive with US Treasuries. Mr. Warner and Mr. Kampfe answered the Directors' questions. The Directors asked the Staff to further consider the prudence of such duration risk and to consider a further Policy Portfolio discussion on the Investment Grade Fixed Income Portfolio with Mr. Bass. Mr. Warner told the Board that UTIMCO staff will begin working on the Policy Portfolio in the immediate future, and plan to reconnect with the Board in April 2017.

Audit and Ethics Committee Report

Chairman Hildebrand asked Mr. Beck to provide a report on behalf of the Audit and Ethics Committee. Mr. Beck reported that the Committee met on November 17, 2016. At the meeting, the Committee approved minutes from their previous meeting, approved the Deloitte & Touche LLP's Audit Results and Communications and the audit reports of the Permanent University Fund ("PUF"), General Endowment Fund ("GEF"), Permanent Health Fund ("PHF"), Long Term Fund ("LTF"), Intermediate Term Fund ("ITF"), (collectively the "Funds"), and the Statement of Investment Performance Statistics for the year ended August 31, 2016. The Committee also heard a report from UT System Audit Office on the status of audits and the FY 2017 Audit Plan and approved the FY2017 Audit Plan. Finally the Committee approved the amended

FY17 Performance Goals for the Corporate Counsel and Chief Compliance Officer, and made their recommendation to the Compensation Committee of the Corporate Counsel and Chief Compliance Officer's Performance Incentive Award for the performance period ended August 31, 2016. Routine matters of the Committee were also considered, including an update on UTIMCO's compliance, reporting and audit matters, including the quarterly compliance summary, the annual report on the institutional compliance program, an update on the FY16 action plan, and a presentation on the FY17 action plan. Mr. Beck asked Mr. Cowley of Deloitte and Touche LLP to provide the Board a brief report of Deloitte and Touche LLP's Financial Statement Audit Results and Communications and Management's Representation Letter. Mr. Cowley and Staff answered the Director's questions. Mr. Beck then requested approval, on behalf of the Audit and Ethics Committee, of a resolution related to the audits of the Funds for Fiscal Year 2016. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

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, 2016, 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, 2016, and August 31, 2015, and the Statement of Investment Performance Statistics for the year ended August 31, 2016, be, and are hereby approved in the form as presented to the Board.

Executive Session

Chairman Hildebrand announced 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 to consider individual personnel compensation matters, including Report of Compensation Committee Regarding Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended August 31, 2016, and the purchase, exchange, lease or value of real property pursuant to Texas Government Code Sections 551.074 and 551.072, respectively. The date is December 1, 2016, and the time is now 10:27 a.m."

Reconvene in Open Session

The Board reconvened in open session and Chairman Hildebrand 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 1, 2016, and the time is now 11:00 a.m. During the Executive Session, the Board deliberated individual personnel compensation matters, including Report of Compensation Committee Regarding Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended August 31, 2016, and the purchase, exchange, lease or value of real property,

but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session." Director Kyle Bass left the meeting during the executive session.

Compensation Committee Report

Chairman Hildebrand asked Mr. Hobson, Chairman of the Compensation Committee to provide a report on the Committee's meetings. Mr. Hobson stated that the Compensation Committee (the "Committee") met on November 17, 2016, November 28, 2016, and again on December 1, 2016. The Committee considered six action items at these meetings, four of which required further approval by the Board.

At the November 17, 2016 meeting, the Committee approved the minutes of its July 12, 2016 meeting, met in Executive Session to discuss the Qualitative Performance Goals for the Participants of the Plan for the Performance Period ended August 31, 2017, and discussed the designation of employees in Eligible Positions as Participants in the UTIMCO Compensation Program (the "Plan") for the Performance Period ended August 31, 2017. The Committee approved the designation of employees in Eligible Positions as Participants in the Plan for the Performance Period ended August 31, 2017, subject to approval by the Board.

At the Committee's November 28, 2016 meeting, the Committee convened in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters. The Committee deferred action on the minutes of its November 17, 2016 meeting, approved the Qualitative Performance Goals for the Participants of the Plan for the Performance Period ended August 31, 2017, and, subject to approval by the Board, approved a recommendation to the Board of the Qualitative Performance Goals for the Interim CEO for the Performance Period ended August 31, 2017.

At the meeting held earlier in the day, the Committee convened in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters, including the Performance Incentive Awards for Plan Participants for the FY15-16 Performance Period. The Committee approved the Performance Incentive Awards for the Participants for the 2015/2016 Performance Period, subject to approval by the Board and approved a recommendation to the Board of the Performance Incentive Award for the former CEO for the 2015/2016 Performance Period.

Director Hobson recommended four resolutions for approval by the Board. These resolutions included approval of the former CEO's 2015/2016 Performance Incentive Award, the Performance Incentive Awards for the Participants of the Plan for the 2015/2016 Performance Period, the Interim CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2017, and the designation of Employees in Eligible Positions as Participants in the Plan for the 2016/2017 Performance Period. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

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 Entity Performance of the CEO's Performance Incentive Award during the 2015/2016

Performance Period and has submitted its recommendation to the Board for approval; and

WHEREAS, the Board has reviewed the Entity Performance of the CEO's Performance Incentive Award during the 2015/2016 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Incentive Award related to Entity Performance for the 2015/2016 Performance Period in the amount of \$1,141,531.

And

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 2015/2016 Performance Period of his or her Performance 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 2015/2016 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 2015/2016 Performance Period (excluding the former CEO and CIO) in the total aggregate amount of \$5,654,251 and be it

FURTHER RESOLVED, that of the Performance Incentive Awards for the 2015/2016 Performance Period (excluding the CEO), 28% (\$1,606,877) will be deferred pursuant to the Plan.

And

WHEREAS, Section 5.4.(a) of the UTIMCO Compensation Program (the "Plan") provides that the Compensation Committee (the "Committee") of the Board of Directors of UTIMCO (the "Board") will approve the Performance Goals for each Participant (other than for the CEO) each Performance Period; and

WHEREAS, Section 5.4.(c) of the Plan provides that the Board will determine the Performance Goals of the CEO for each Performance Period; and

WHEREAS, as Mark Warner was appointed as the Interim Chief Executive Officer and Chief Investment Officer of the Corporation with all the powers and duties of Chief Executive Officer and Chief Investment Officer of the Corporation, including the powers and duties of President of the Corporation set forth in Article V, Section 7 of the Corporation's Bylaws and such additional powers and duties as assigned to him by the Board the Committee will determine the Performance Goals of the Interim CEO for the Performance Period; and

WHEREAS, the Board has reviewed the Interim CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2017, as prepared by the Interim CEO, and recommended by the Committee and set forth in the document presented to the Board.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Qualitative Performance Goals for the Interim CEO for the Performance Period ended August 31, 2017, as set forth in the document presented to the Board.

And

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 the individuals who may become Participants for the Performance Period ended August 31, 2017 set forth on Exhibit 1 attached hereto; and

WHEREAS, the UTIMCO Board has reviewed Exhibit 1 and wishes to select the individuals who may become Participants for the Performance Period ended August 31, 2017.

NOW, THEREFORE, be it:

RESOLVED, that the individuals set forth on Exhibit 1 attached hereto are hereby designated as "Participants" in the Plan for the Performance Period ended August 31, 2017, effective as of September 1, 2016.

Office Lease and Budget for Leasehold Improvements

Chairman Hildebrand asked Mr. Warner to present the proposed leasehold improvement budget. Following discussion, Chairman Hildebrand requested approval of the resolutions related to the proposed lease agreement for new office space and the related leasehold improvements. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

WHEREAS, The University of Texas Investment Management Company (the "Corporation") currently leases office space for its executive and administrative offices in the building commonly known as Frost Bank Tower in Austin, Texas pursuant to an Office Lease with PKY-401 Congress, LLC (as successor in interest to Cousins Properties Texas LP) which expires on February 28, 2018; and

WHEREAS, the Corporation must negotiate and enter into a new lease agreement to secure office space for its executive and administrative offices on the expiration of the existing lease.

NOW, THEREFORE, IT IS:

RESOLVED, that the Interim CEO of the Corporation is authorized and directed by the Board of Directors of the Corporation to negotiate and enter into an office lease agreement on behalf of the Corporation for executive and general administrative offices in Austin, Texas, ("Lease Agreement") on such terms that may be in the best interests of the Corporation as determined by such officer of the Corporation;

FURTHER RESOLVED, that the Board of Directors affirms and ratifies any actions of the Interim CEO of the Corporation with regard to the Lease Agreement taken prior to the date of this Resolution; and

FURTHER RESOLVED, that the Interim CEO is authorized by the Board to Directors to negotiate and enter into on behalf of the Corporation any modifications of and documents ancillary to the Lease Agreement and to take whatever action as may be necessary or in the best interests of the Corporation as such officer of the Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of this Resolution and to perform the obligations of the Corporation under the Lease Agreement and any instruments referred to therein and/or executed in connection therewith.

And

RESOLVED, that the Capital Budget of no more than \$12,611,000 for Leasehold Improvements related to UTIMCO's new office space located in the new UT System Office Building, be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

UTIMCO Organization Update

Chairman Hildebrand asked Mr. Warner to provide the Board with an update on the organization. Mr. Warner discussed the current organization chart and gave a recruiting update on new positions at the Corporation. New staff members Suneel Kaji, Ben Murray, Angelica Lopez-Ramos, and Stephanie Brenner-Brown introduced themselves to the Board. Mr. Warner answered the Directors' questions.

Proposed 2017 Meeting Dates

Chairman Hildebrand presented the 2017 Meeting Dates for the Corporation, with no action necessary. Chairman Hildebrand noted that the October 2017 meeting will be telephonic.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 11:25 a.m.

Secretary: 
Joan Moeller

Approved:  Date: 3-20-17
Jeffery D. Hildebrand
Chairman, Board of Directors of
The University of Texas Investment Management Company

Exhibit 1
Designation of Plan Participants in Eligible Positions
for the Performance Period Ended August 31, 2017

ELIGIBLE POSITION	PARTICIPANTS
<i>Investment Professionals</i>	
Interim CEO & Chief Investment Officer	Mark Warner
Managing Director - Investments	Ryan Ruebsahm
Managing Director - Investments	Susan Chen
Managing Director - Fixed Income	Russ Kampfe
Managing Director - Risk Management	Uzi Yoeli
Senior Director - Investments	Courtney Powers
Senior Director - Investments	Edward Lewis
Senior Director - Investments	Amanda Hopper
Senior Director - Investments	Harland Doak
Senior Director - Investments	Pat Pace
Director - Investments	Spencer Swayze
Director - Investments	Billy Prather
Director - Investments	Richard Rincon
Director - Investments	Suneel Kaji
Director- Risk Management	Kate Wagner
Senior Associate - Investments	Mukund Joshi
Senior Associate - Investments	Drury Morris
Associate - Investments	Russell Brown
Associate - Investments	Jena Michels
Associate - Investments	Todd Bondy
Associate - Investments	Mallory Weinshall
Senior Analyst - Investments	Spencer Branch
Senior Analyst - Investments	Kyle Burhop
Senior Analyst - Investments	Zoe Gabbard
Senior Analyst - Investments	Patrick Curby-Lucier
Analyst - Investments	Victoria Lee
Analyst - Investments	James Yang
Analyst - Risk Management	Anson Chuah
Senior Investment Counsel	Jon Ellison
<i>Support and Control Professionals</i>	
Senior Managing Director	Joan Moeller
Corporate Counsel and Chief Compliance Officer	Anna Cecilia Gonzalez
Chief Technology Officer	Uche Abalogu
Senior Manager	Gary Hill
Manager	Debbie Childers
Manager	Lara McKinney
Mgr, Infrastructure and CISO	David Gahagan
Mgr, Development	Akil Franklin
Business Analyst and Document System Manager	Aman Jain
Manager	Melynda Shepherd