

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
January 15, 2016**

UTIMCO
401 Congress Ave., Ste. 2800
Austin, Texas 78701

Time		Item #	Agenda Item
Begin	End		
10:45 a.m.	10:50 a.m.	1	Call to Order/Discussion and Appropriate Action Related to Minutes of the November 18, 2015 Meeting*
10:50 a.m.	11:30 a.m.	2	<p>Recess to Executive Session Executive Session: Pursuant to Section 551.074, <i>Texas Government Code</i>, the Board of Directors may convene in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters.</p> <p>Reconvene into Open Session Report from Compensation Committee:</p> <ul style="list-style-type: none"> - Discussion and Appropriate Action Related to the Amendment of Appendix C of the UTIMCO Compensation Program, effective September 1, 2015* - Discussion and Appropriate Action Related to CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2016* - Discussion and Appropriate Action Related to Designation of Employees in Eligible Positions as Participants in the UTIMCO Compensation Program for the Performance Period ending August 31, 2016*
11:30 a.m.			Adjourn

* Action by resolution required

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Scheduled Meeting: March 2, 2016
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RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the Meeting of the Board of Directors held on **November 18, 2015**, be, and are hereby, approved.

**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 **November 18, 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 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
Ardon E. Moore, Vice Chairman
Phil Adams
Kyle Bass
David J. Beck
H. Lee S. Hobson
John D. White

thus constituting a majority and quorum of the Board. William H. McRaven, Vice Chairman for Policy and Director R. Steven Hicks did not attend the meeting. Director John White joined the meeting later as noted in the minutes. Chairman Hildebrand called the meeting to order at 3:30 p.m. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; and Christy Wallace, Assistant Secretary. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; and Robert Cowley and Tracey Guidry Cooley of Deloitte & Touche LLP. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on October 15, 2015. 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 15, 2015, be, and are hereby, approved.

Appointment of Corporate Officer

Chairman Hildebrand asked Bruce Zimmerman to explain to the Board the recommendation of appointment of Russ Kampfe as Corporate Officer. Mr. Zimmerman explained that Russ Kampfe's title changed from Senior Portfolio Manager to Managing Director – Fixed Income Investments. Managing Directors are considered officers of the Corporation. He requested that the Board approve appointment of Russ Kampfe

as an officer of the Corporation. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that Russ Kampfe is hereby appointed to the office of Managing Director of the Corporation to serve until the next Annual Meeting of the Corporation or until his resignation or removal.

Risk Committee Report

Chairman Hildebrand asked Mr. Bass to provide a report from the Risk Committee. Mr. Bass reported that the Committee had convened earlier that same day and minutes were approved from previous meetings. He stated that the Risk Committee approved 17 new investment mandate categorizations prepared by Staff for the period beginning July 1, 2015 and ending November 1, 2015. The Committee heard a report from Ms. Gonzalez on compliance items for the quarter ending August 31, 2015. Mr. Bass stated that there were no Board action items related to the Risk Committee report. John White joined the meeting at this time.

Audit and Ethics Committee Report

Chairman Hildebrand asked Mr. White to provide a report on behalf of the Audit and Ethics Committee. Mr. White reported that the Committee met twice since the Board last met, on November 11, 2015, and jointly with the Compensation Committee earlier in the day. At the meetings, 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"), and the Statement of Investment Performance Statistics for the year ended August 31, 2015. They also heard a report from UT System Audit Office and approved their FY2016 Audit Plan and status of audits, and heard an update on UTIMCO's compliance, reporting and audit matters. The Committee discussed and approved the General Counsel and Chief Compliance Officer's Performance Incentive Award for the Performance Period ended August 31, 2015, and recommended to the Compensation Committee for further approval. The Committee convened in Executive Session for the purpose of deliberating individual personnel compensation matters related to the General Counsel and Chief Compliance Officer's Performance Incentive Award as a Participant in the UTIMCO Compensation Program for the Performance Period ended August 31, 2015. Mr. White 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 the Management's Representation Letter. Mr. White requested approval, on behalf of the Audit and Ethics Committee, of a resolution related to the Audits of the Funds for Fiscal Year 2015. 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, 2015, 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, 2015, and August 31, 2014, and the Statement of Investment Performance Statistics for the year ended August 31, 2015, be, and are hereby approved in the form as presented to the Board.

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 9, 2015 and again earlier in the day jointly with the Audit and Ethics Committee. At its meeting on November 9, 2015, the Committee approved Committee meeting minutes of its October 12, 2015 and October 15, 2015 meetings and met in Executive Session.

At the joint meeting held earlier in the day, the Committee approved the minutes of its November 9, 2015 meeting. Two other resolutions were also approved, subject to further approval by the Board. These resolutions included approval of the Performance Incentive Awards for the Plan Participants for the Performance Period (excluding the CEO) ended August 31, 2015, and a recommendation of the Performance Incentive Award of the CEO for the 2014/2015 Performance Period ended August 31, 2015. Two other resolutions regarding the designation of Participants in Corporation's Compensation Program for the 2015/2016 Performance Period and Qualitative Goals for the Performance Period ended August 31, 2016, were deferred to a later Committee meeting. 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 actual performance of the CEO during the 2014/2015 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 2014/2015 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 2014/2015 Performance Period in the amount of \$1,573,586 and be it

FURTHER RESOLVED, that of the CEO's \$1,573,586 Performance Incentive Award for the 2014/2015 Performance Period, 50% (\$786,793) will be deferred pursuant to the Plan.

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 2014/2015 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 2014/2015 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 2014/2015 Performance Period (excluding the CEO) in the total aggregate amount of \$6,844,211 and be it

FURTHER RESOLVED, that of the Performance Incentive Awards for the 2014/2015 Performance Period (excluding the CEO), 28.6% (\$1,960,572) will be deferred pursuant to the Plan.

Proposed 2016 Meeting Dates

Chairman Hildebrand presented the 2016 Meeting Dates for the Corporation, with no action necessary.

Mr. Zimmerman thanked the Board on behalf of himself and all staff.

There being no further business to come before the Board, the meeting was adjourned at approximately 3:53 p.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
Jeffery D. Hildebrand
Chairman, Board of Directors of
The University of Texas Investment Management Company

Agenda Item
UTIMCO Board of Directors Meeting
January 15, 2016

- Agenda Item:** Report from Compensation Committee: Discussion and Appropriate Action Related to the Amendment of Appendix C of the UTIMCO Compensation Program, effective September 1, 2015; Discussion and Appropriate Action Related to CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2016; and Discussion and Appropriate Action Related to Designation of Employees in Eligible Positions as Participants in the UTIMCO Compensation Program for the Performance Period ending August 31, 2016
- Developed By:** Zimmerman, Gonzalez, Moeller
- Presented By:** Hobson
- Type of Item:** Action Item; Action Required by UTIMCO Board
- Description:** The Compensation Committee (the "Committee") met on December 17, 2015 and will meet on January 15, 2016. During its meeting on December 17th, the Committee met in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters at the meeting. No action or other business occurred during the meeting. At its meeting on January 15, 2016, the Committee's agenda includes the following (1) discussion and appropriate action related to minutes of its December 19th meeting; (2) discussion and appropriate action related to the amendment of Appendix C of the UTIMCO Compensation Program (the "Plan"), effective September 1, 2015; (3) discussion and appropriate action related to the designation of employees in Eligible Positions as Participants in the Plan for the Performance Period ended August 31, 2016; and (3) discussion and appropriate action related to Qualitative Performance Goals for the Participants of the Plan for the Performance Period ended August 31, 2016. The Committee also may convene in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters at the meeting.
- Discussion:** **(1) Appendix C.** The Committee will report on its actions related to Appendix C of the Plan. The Plan, including Appendices, effective September 1, 2015, consists of two elements: base salary and an annual incentive plan. UTIMCO strives to provide a total compensation program that is competitive nationally, with the elements of compensation evaluated relative to comparably sized university endowments, foundations, and for-profit investment management firms with a similar investment philosophy. The UTIMCO Board has the discretion to interpret, adopt such rules and regulations it deems necessary to carry out the Plan, and amend the Plan. Mr. Zimmerman will present a revised and updated Appendix C, Table 1 for the Performance Period ended August 31, 2016. Appendix C, Table 1 sets forth the Eligible Positions, Weightings, Incentive Award Opportunities, and Percentage of Award Deferred for Each Eligible Position. No other revisions to the Plan are being requested by the Committee.

Agenda Item
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(2) Qualitative Performance Goals. The Committee will report on its actions related to the Participants' Qualitative Performance Goals for the Performance Period ended August 31, 2016. There are two categories of performance goals in the Plan: (1) entity performance and (2) qualitative performance. Qualitative Performance Goals may be established in one or more of the following areas: asset class/investment type, leadership, implementation of operational goals, management of key strategic projects, effective utilization of human and financial resources, and UTIMCO's investment performance relative to the Peer Group. The entity performance goals are included in the Plan in Table 2 of Appendix D of the Plan. Section 5.4. of the Plan requires that the CEO's performance goals be determined and approved by the UTIMCO Board. The Committee presents and recommends the approval of the CEO's goals to the UTIMCO Board. The Committee will request that the Board take appropriate action related to the CEO's 2015/2016 Qualitative Performance Goals. The CEO's Qualitative Performance Goals will be reviewed in Executive Session with the UTIMCO Board.

(3) Designation of Employees in Eligible Positions. Approval is required by the UTIMCO Board related to the designation of Employees in Eligible Positions as Participants in the Plan for the Performance Period ended August 31, 2016. Eligible Positions, as defined in Section 5.3. of the Plan include senior management, investment staff, and other key positions as designated by the CEO and approved by the UTIMCO Board. Section 5.3. of the Plan provides that in order for an employee of UTIMCO to become a Participant in the Plan for a Performance Period, the employee must be (1) employed by UTIMCO in an employment position that is designated as an Eligible Position for the Performance Period and (2) be selected by the UTIMCO Board as eligible to participate in the performance incentive award opportunity available under the Plan. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent Performance Period. Similarly, an employee eligible to participate in one Performance Period is not automatically eligible to participate in any subsequent Performance Period. The UTIMCO Board in its discretion may also designate the employment position of a newly hired or promoted employee as an Eligible Position. The designation of Employees in Eligible Positions as Participants in the Plan for the Performance Period ended August 31, 2016, is included in the materials.

Recommendation: The Committee will recommend appropriate action from the Board related to (1) Amendment of Appendix C, Table 1; (2) the CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2016, and (3) the designation of Employees in Eligible Positions as Participants in the Plan for the 2015/2016 Performance Period.

Reference: Materials provided for Executive Session
Exhibit 1 – Designation of Plan Participants in Eligible Positions for the Performance Period Ended August 31, 2016

**RESOLUTION RELATED TO AMENDMENTS TO
UTIMCO COMPENSATION PROGRAM APPENDIX C**

WHEREAS, Section 7.2. of the UTIMCO Compensation Program (the “Plan”) provides that UTIMCO, by action of its Board of Directors (the “Board”), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, Section 5.3.(a) of the Plan requires Table 1 to be revised each Performance Period when necessary to set forth the Eligible Positions, the weightings for the Eligible Positions, the Incentive Award Opportunities, and any Applicable Deferral Percentage for each Eligible Position, for that Performance Period as soon as administratively practicable after confirmation of such Eligible Positions by the Board for such Performance Period and to be attached as Appendix C to the Plan; and

WHEREAS, the Board has reviewed the revised Table 1 and approves the amendments as recommended by the Compensation Committee.

NOW, THEREFORE, be it:

RESOLVED, the updated and amended Table 1, a copy of which is attached hereto, is hereby adopted and approved to replace the current Appendix C, effective as of September 1, 2015.

**RESOLUTION RELATED TO THE CEO'S QUALITATIVE PERFORMANCE
GOALS FOR THE PERFORMANCE PERIOD ENDED AUGUST 31, 2016**

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, the Board has reviewed the CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2016, as prepared by the 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 CEO for the Performance Period ended August 31, 2016, as set forth in the document presented to the Board.

**RESOLUTION RELATED TO
2015/2016 PARTICIPANTS IN
UTIMCO COMPENSATION PROGRAM**

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, 2016 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, 2016.

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, 2016, effective as of September 1, 2015.

Exhibit 1
Designation of Plan Participants in Eligible Positions
for the Performance Period Ended August 31, 2016

ELIGIBLE POSITION	PARTICIPANTS
<i>Investment Professionals</i>	
CEO & Chief Investment Officer	Bruce Zimmerman
Senior Managing Director - Investments	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
Director - Investments	Spencer Swayze
Director - Investments	Pat Pace
Director - Investments	Billy Prather
Director - Investments	Richard Rincon
Director- Risk Management	Kate Wagner
Senior Associate - Investments	Mukund Joshi
Associate - Investments	Drury Morris
Senior Analyst - Investments	Russell Brown
Senior Analyst - Investments	Jena Michels
Senior Analyst - Investments	Spencer Branch
Senior Analyst - Investments	Kyle Burhop
Senior Analyst - Investments	Zoe Gabbard
Senior Analyst - Investments	Mallory Weinshall
Analyst - Investments	Victoria Lee
Analyst - Investments	Ryan Arestie
Analyst - Investments	James Yang
Analyst - Investments	Shree Pandya
Senior Investment Counsel	Jon Ellison
<i>Control and Support 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	Melynda Shepherd
Manager	Lara McKinney
Mgr, Infrastructure and CISO	David Gahagan
Business Analyst and Document System Manager	Aman Jain