

**MINUTES OF THE JOINT MEETING
OF THE POLICY AND RISK COMMITTEES OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

A joint meeting of the Policy and the Risk Committees (the "Committees") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **January 31, 2017**, 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 Policy Committee Chair (Policy Chairman), R. Steven Hicks, and the Risk Committee Chair (Risk Chairman), 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 Committees:

R. Steven Hicks, Chair, Policy Committee
Kyle Bass, Chair, Risk Committee
Phil Adams
David J. Beck
H. Lee S. Hobson
Ray Rothrock

thus constituting a majority and quorum of the Committees and the Board. 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; Uzi Yoell, Managing Director - Risk Management; Ryan Ruebsahm, Managing Director - LCC; Eddie Lewis, Senior Director - Real Estate; Suneel Kaji, Director - Emerging Markets; Amanda Hopper, Senior Director - 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; Roger Starkey of UT System; and Hamilton Lee, Jill Shaw, Katie St. George and Kevin Carlow of Cambridge Associates, LLC. Chairman Hicks and Chairman Bass called the meeting to order at 2:47 p.m. Copies of materials supporting the Joint Committee meeting agenda were previously furnished to each Committee member.


**Proposed Amendments to Exhibits of the Investment Policy Statements Related to
Private Investments Benchmark**

Policy Chairman Hicks asked Mr. Warner to present staff recommendations regarding a change to the Private Investments Benchmark. Mr. Warner explained that the Private Investments Benchmark was last reviewed and updated in 2014 when UTIMCO adopted the Cambridge Fund of Funds benchmark. Over the last two years, Staff had become aware of the limitations of the Fund of Funds benchmark. Staff began working with Cambridge to develop alternative benchmark methodologies that better represented UTIMCO's portfolio. Mr. Lee, Ms. Shaw, Ms. St. George and Mr. Carlow, of Cambridge Associates, described the various methodologies available, and the considerations around each as applied to the UTIMCO portfolio. Mr. Warner, Mr. Lee, Ms. Shaw, Ms. St. George, and Mr. Carlow answered the Committee Members' questions. The Committee Members requested additional information from Staff and Cambridge, after which Chairman Hicks deferred action on the proposed amendments to Exhibits of the Investment Policy Statements related to the Private Investments Benchmark.

Adjourn

There being no further business to come before the Committees, the meeting was adjourned at 3:33 p.m.

Secretary: 
Joan Moeller

Approved: 
R. Steven Hicks, Chair
Policy Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 5-30-17

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

Date: 6/15/17

**MINUTES OF MEETING OF
THE RISK COMMITTEE OF THE
BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

A meeting of the Risk Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **January 31, 2017**, 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
David J. Beck
H. Lee S. Hobson
Ray Rothrock

Director R. Steven Hicks also attended the meeting, thus constituting a majority and quorum of the Risk and Policy Committees and the Board. Director Ray Nixon did not attend the meeting. 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; Uzi Yoeli, Managing Director - Risk Management; Ryan Ruebsahm, Managing Director - LCC; Eddie Lewis, Senior Director - Real Estate; Suneel Kaji, Director - Emerging Markets; Amanda Hopper, Senior Director - MCC; Mukund Joshi, Senior Associate - Real Estate; Todd Bondy, Associate - Lower/Middle Markets, 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; Roger Starkey of UT System; and Hamilton Lee, Jill Shaw, and Katie St. George of Cambridge Associates, LLC. Committee Chair ("Chairman") Bass called the meeting to order at 3:34 p.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Minutes

Chairman Bass requested the draft of the minutes submitted for approval be changed to include the Committee's discussion with the Chief Compliance Officer about the compliance trading authorization violation. Subject to inclusion of the requested change, Chairman Bass then asked the Committee for approval of the minutes of the Meeting of the Risk Committee of the Board of Directors held on November 17, 2016. Upon motion duly made and seconded, the following resolution was adopted by the Committee:

RESOLVED, that the minutes of the Meeting of the Risk Committee of the Board of Directors held on November 17, 2016, be, and are hereby, approved.

Update on Compliance and Reporting Matters

Chairman Bass asked Ms. Gonzalez to present the Compliance Summary Program update. Ms. Gonzalez presented to the Committee the Fund Compliance Report for Quarter Ended November 30, 2016. Ms. Gonzalez also presented to the Committee the Institutional Compliance Program Report for the Quarter Ended November 30, 2016. She reported on two minor compliance violations, one with regard to

unencrypted personal information being sent over the internet by an employee and one employee using unapproved software. These violations were addressed and resolved. Ms. Gonzalez continued her report on compliance matters, including the status of employee training, pre-clearance of trades, staff outside employment approvals, and the Corporation's Compliance Hotline activity. Ms. Gonzalez also gave an update on the Institutional Compliance Action Plan for FY 2017 to the Committee

Ms. Gonzalez also reported on compliance violations by an external manager of the Derivative Investment Policy ("Policy") and the external manager's investment guidelines. Mr. Warner, Ms. Gonzalez, and Ms. Hopper then discussed the details of the compliance violations. This manager invested in a security, not required to be traded under an ISDA in the local market, but which was not excepted from being traded under an ISDA in the Policy as currently drafted. The violation was initially flagged in January 2016 but staff was told that the security traded was a participatory note, which is excepted from the Policy so no further follow-up was performed by staff. When an accounting staff member flagged the violation again in November, the situation was investigated and staff began to formulate a remedy. Mr. Warner explained that staff's proposed remedy was to formally request from the Board of Directors Chairman a temporary waiver for this manager to continue using this security to access the regional market. Staff also plans to recommend an amendment to the Policy to address these and similar types of instruments which are not required to be traded under ISDAs. Mr. Warner went on to explain that the manager has been further instructed to exit current positions with Deutsche Bank because the bank is below an A- rating, which is a Policy requirement. Additional investment guidelines will be incorporated into UTIMCO's Investment Advisory Agreement with this manager to further address counterparty risk. Ms. Gonzalez and Mr. Warner answered the Committee Members' questions.

Categorization of Investment Mandates

Chairman Bass asked Mr. Warner to give a brief summary of the new mandate categorizations requiring approval by the Committee. Mr. Warner summarized the seven (7) new investment mandate categorizations prepared and recommended by Staff for the period beginning November 8, 2016 and ending January 20, 2017. The Chief Compliance Officer and Interim CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Mr. Warner 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 recategorization and, if so, to recommend recategorization to the Risk Committee for their approval or recategorization; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from November 8, 2016, through January 20, 2017, 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 that there have been no changes in the investment characteristics of the mandates to warrant recategorization; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations of seven (7) 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 new Investment Mandate are hereby approved.

Performance and Risk Reporting

Chairman Bass asked Mr. Warner to provide a brief performance and risk report. Mr. Warner stated that he would be providing a detailed funds update at the next Board of Directors meeting, therefore, limited his presentation to a brief summary. Mr. Warner reported on returns as of November 30, 2016, current assets under management, and value add. Mr. Kampfe provided an update on the Investment Grade Fixed Income portfolio. Director Bass informed the Committee that conversations with staff about the Investment Grade Fixed Income portfolio continue and that staff will provide an update and recommendation to Mr. Bass before the upcoming Board of Directors meeting in February. Mr. Joshi provided an update on the MCC Real Estate portfolio. Mr. Warner provided an update on the MCC Natural Resources portfolio. Ms. Hopper provided an update on the MCC Public Equity – Developed Markets and MCC Public Equity – Emerging Markets portfolios. Mr. Ruebsahm provided an update on the overall LCC portfolio, with sub-strategy details. Mr. Warner provided a preliminary update on the Private Investments portfolios. A more thorough update will be provided when benchmark data becomes available. Mr. Warner also introduced a new slide providing exit analysis and realization of the Private Investments portfolio. This slide will be updated quarterly going forward. Mr. Ruebsahm continued the Private Investments discussion by providing an update on the Private Credit sub-strategy. Mr. Lewis provided an update on the Private Real Estate sub-strategy. Mr. Warner provided an update on the Private Natural Resources and Venture Capital sub-strategies. Mr. Bondy provided an update on the Private Lower Middle Markets and General Private Equity sub-strategies. Mr. Kaji provided an update on the Private Emerging Markets sub-strategy. Mr. Warner provided an update on the co-Investments in the UTIMCO Private portfolio.

Dr. Yoeli provided a Risk update including a review of the Endowment Risk Dashboard, the introduction of a new slide on Expected Risk and Return, and a discussion of downside volatility, fund illiquidity, and current tactical allocation. Mr. Warner then discussed the ITF for the period ending November 30, 2016.

Staff answered the Committee Members' questions.

Adjourn

There being no further business to come before the Committee, the meeting was adjourned at approximately 4:20 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Kyle Bass
Kyle Bass, Chair

Date: 6/15/17

Risk Committee of the Board of Directors of
The University of Texas Investment Management Company