

**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 **July 9, 2013**, 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 Acting Chair, Kyle Bass, and the Risk Committee Chair, Charles Tate, 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:

Charles W. Tate, Chair, Risk Committee
Kyle Bass, Acting Chair, Policy Committee
Morris E. Foster
R. Steven Hicks

Director Ardon Moore, Risk Committee member, did not attend the meeting. Paul Foster, Chairman of the Board, attended the meeting, thus constituting a majority and quorum of the Committees and the Board. 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; Susan Chen, Senior Director – Public Markets Investments; Ryan Ruebsahm, Senior Director – Marketable Alternatives Investments; Uzi Yoeli, Senior Director – Portfolio Risk Management; Gary Hill, Senior Manager - Investment Reporting; Debbie Childers, Manager - Portfolio Accounting and Operations; and other staff members. Other attendees were Terry Hull, Jim Phillips, and Moshmee Kalamkar of The University of Texas System ("UT System") Administration; and Keith Brown of the McCombs School of Business at UT Austin. Chair Tate and Acting Chair Bass called the meeting to order at 9:35 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Annual Investment Policy Review

Mr. Bass asked Mr. Zimmerman to present the Annual Investment Policy Review, dated June 2013, and Staff's proposed changes to the Investment Policies. The Investment Management Services Agreement (IMSA) requires a review of current Investment Policies for each Fund at least annually. The annual review proposes recommendations to both the Policy and Risk Committees, followed by further approval by the Board and the UT System Board of Regents. Four years ago, Staff presented a Long Term Strategic Asset Allocation ("LTSAA") plan for the Endowments, providing a longer-term context to help guide the annual discussions. This year, Staff presented a second five-year horizon LTSAA for the Endowments, as a guide for FY2014 recommendations. The review included distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation

targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment Type, each of the Investment Funds, and designated performance benchmarks for each Asset Class and/or Investment Type. Mr. Zimmerman stated that Staff recommended slight changes to the Investment Policies for the Endowments and Intermediate Term Fund, changes to the Delegation of Authority, and minor changes to the Liquidity Policy, Mandate Categorization Procedure, and the Derivative Investment Policy. Exhibit A to the Investment Policy Statements for the Permanent University Fund (PUF), General Endowment Fund (GEF), and Intermediate Term Fund (ITF), and Exhibit B to the Investment Policy Statements for the Permanent Health Fund (PHF) and Long Term Fund (LTF) were amended to reflect proposed changes, setting forth the revised Policy Portfolio Asset Class and Investment Type targets and ranges for FY 2014. Staff also recommended amendments to the Delegation of Authority Policy, increasing all investment type limitations for both new mandates, increasing existing mandates by 25%, and allowing increases to co-investments (i.e., participation in subsequent financing rounds) of \$50M; setting the maximum delegated authority for all managers except MCC Investment Grade Fixed Income at \$750 million; and setting MCC Investment Grade Fixed Income maximum delegated authority at \$1.1 billion. Recommended changes to the Liquidity Policy were limited to the Liquidity Policy Profile ranges and trigger zones for the ITF. The Mandate Categorization Procedure was amended to be consistent with Staff's practice of reviewing mandate categorizations prior to each Risk Committee meeting. The suggested amendments to the Derivative Investment Policy were to require that all over the counter (OTC) derivatives, with the exception of bona fide spot foreign exchange transactions, be subject to established ISDA Netting Agreements (ISDAs) and have full documentation of all legal obligations of the Board of Regents of The University of Texas System funds consistent with Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) Protocol 2.0, which requires most FX derivatives swaps to trade under an International Swaps and Derivatives Association (ISDA) Master Agreement beginning July 1, 2013. Mr. Zimmerman answered the Committee Members' questions. No changes were recommended to the Investment Policy Statements for the Short Term Fund (STF) and Separately Invested Funds (SIF). Mr. Tate, Chair of the Risk Committee, recommended approval on behalf of the Risk Committee to accept the proposed policy amendments, subject to further approval by the Policy Committee and the Board. The Policy Committee then also recommended approval subject to further approval by the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Risk and Policy Committees:

RESOLVED, that amendments to the Exhibits A of the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, and Intermediate Term Fund and Exhibits B of the Investment Policy Statements of the Permanent Health Fund and Long Term Fund; and amendments to the Liquidity Policy, Derivative Investment Policy, Delegation of Authority Policy, and Mandate Categorization Procedure, as presented be, and are hereby, approved, subject to approval by the Corporation's Board of Directors.

There being no further business to come before the Policy Committee and the Risk Committee, the joint meeting was adjourned at approximately 10:39 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Robert L. Stillwell
Robert L. Stillwell, Chair
Policy Committee of
The University of Texas Investment Management Company

Date: 2/25/14

Approved: _____
Charles W. Tate, Chair
Risk Committee of
The University of Texas Investment Management Company

Date: _____

Secretary: Joan Moeller
Joan Moeller

Approved: _____ Date: _____
Robert L. Stillwell, Chair
Policy Committee of
The University of Texas Investment Management Company

Approved: Charles W. Tate Date: 2/23/24
Charles W. Tate, Chair
Risk Committee of
The University of Texas Investment Management Company