

**MINUTES OF THE 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 at 10:10 a.m. on the **29th day of September 2004**, at the Hotel Crescent Court, 400 Crescent Court, Dallas, Texas, said meeting having been called by the Chairman, Woody L. Hunt, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded.

Participating in the meeting were the following members of the Board:

Woody L. Hunt, Chairman
Mark G. Yudof, Vice-Chairman for Policy
John W. Barnhill, Jr.
Clint D. Carlson
Rita C. Clements
J. Philip Ferguson
I. Craig Hester
Charles W. Tate

thus, constituting a majority and quorum of the Board. Director R. H. (Steve) Stevens, Jr. was not present at the meeting. Also, attending the meeting were Susan M. Byrne, past Director; R. D. Burck, Advisory Director; Scott Caven and Robert Rowling, UT System Regents; Bob Boldt, President, Chief Executive Officer and Chief Investment Officer of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Cathy Iberg, Managing Director – Marketable Alternative Investments and Deputy CIO; Bill Edwards, Managing Director of Information Technology; Larry Goldsmith, Managing Director of Public Markets; Andrea Reed, Risk Manager; Sara McMahon and Trey Thompson, Co-Managing Directors – Non-Marketable Alternative Investments of the Corporation; several staff members of the Corporation; Bill Volk, legal counsel for the Corporation; Scott Kelley, Philip Aldridge, Charlie Chaffin, Brandon Duck, and Michael Warden of U. T. System Administration; Bruce Myers of Cambridge Associates; Greg Smith of Mercer Human Resource Consulting; and Michael Sebastian of EnnisKnupp. Mr. Hunt called the meeting to order at 10:10 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Minutes

The first matter to come before the Board was approval of the minutes of the meeting of the Board of Directors held on September 15, 2004. Mr. Yudof asked that the minutes include revised language to reflect his concerns regarding inclusion of administrative personnel in the UTIMCO Compensation Plan. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held on **September 15, 2004**, be and are hereby approved, subject to revision as requested by the Board; and

RESOLVED, FURTHER, that the President and the Secretary of the Corporation be and they are hereby authorized and directed to revise the minutes.

Compensation Committee Report

Mr. Hunt briefly summarized the compensation committee's efforts and asset allocation decisions over the past two years. He reported that the UT System Board of Regents approved a Compensation Plan for the Corporation at their meeting held on September 28, 2004.

Executive Session - Personnel Compensation

Mr. Hunt, at 10:13 a.m., 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 of the Board, for the purpose of deliberating personnel compensation matters for corporation employees. This Executive Session meeting of the Board is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 10:13 a.m."

In Executive Session, the Board discussed compensation matters of certain personnel with Mr. Boldt. Mr. Boldt's compensation was not discussed. No action was taken and no vote was called for or taken by the Board.

Reconvene in Open Session

The Board reconvened at 11:20 a.m. in open session and Mr. Hunt announced that, "the Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The time is now 11:20 a.m. During the Executive Session, the Board discussed personnel compensation matters, but did not take any votes."

Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments to the UTIMCO Compensation Program be, and are hereby ratified as approved by the UT System Board of Regents on September 28, 2004, provided that the Chairman of the Board is granted the authority to make such non-substantive editorial changes as he deems necessary and appropriate.

Approval of Proposed Investments

Mr. Hunt asked Mr. Hester to speak as Chairman of the Liquidity Committee regarding proposed investments for the three investment areas, Non-Marketable Alternative, Marketable Alternative and Public Markets programs. Mr. Hester stated that the Liquidity Committee met on September 21, 2004, and considered the impact upon the Liquidity Profiles of the PUF and GEF resulting from the proposed investments and that the Liquidity Committee approved an increase in the pro forma illiquid allocation to approximately 22.4%, that would result from Board approval of the investments. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

For Non-Marketable Alternative Investments:

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$25 million combined institutional investment interest (the "Investment") in **Union Square Ventures, L.P.**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated September 15, 2004 for **Union Square Ventures, L.P.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, in the amount of the capital commitment to **Union Square Ventures, L.P.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

For Marketable Alternative Investments:

K Capital (U.S. Dollar) Ltd.

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$50 million combined institutional investment interest (the "Investment") in **K Capital (U.S. Dollar) Ltd.**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated September 20, 2004 for **K Capital (U.S. Dollar) Ltd.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, in the amount of the capital commitment to **K Capital (U.S. Dollar) Ltd.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the

Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

Blue Ridge Offshore LP

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$75 million combined institutional investment interest (the "Investment") in **Blue Ridge Offshore LP**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated September 20, 2004 for **Blue Ridge Offshore LP** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, in the amount of the capital commitment to **Blue Ridge Offshore LP**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

Global Market Neutral Fund B

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$50 million combined institutional investment interest (the "Investment") in **Global Market Neutral Fund B**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated September 20, 2004 for **Global Market Neutral Fund B** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms

and provisions as may be necessary or in the best interests of this Corporation, in the amount of the capital commitment to **Global Market Neutral Fund B**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

Millgate International, Ltd.

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$50 million combined institutional investment interest (the "Investment") in **Millgate International, Ltd.**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated September 20, 2004 for **Millgate International, Ltd.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, in the amount of the capital commitment to **Millgate International, Ltd.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

Steadfast International, Ltd.

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$50 million combined institutional investment interest (the "Investment") in **Steadfast International, Ltd.**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated September 20, 2004 for **Steadfast International, Ltd.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, in the amount of the capital commitment to **Steadfast International, Ltd.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

And for Public Markets Investments:

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$125 million combined institutional investment interest (the "Investment") in **Westport Asset Management Small Cap Fund**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated September 22, 2004 for **Westport Asset Management Small Cap Fund** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, in the amount of the capital commitment to **Westport Asset Management Small Cap Fund**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the

Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

Liquidity Committee Report

Mr. Hunt asked Mr. Hester, Chairman of the Liquidity Committee, to report on the meeting of the Liquidity Committee. Mr. Hester reported that the Liquidity Committee had met on September 21, 2004. He gave a detailed report on Liquidity Profiles as of the end of July 2004. He also stated that the Staff presented new charts to the Liquidity Committee on actual liquidity classifications and that the charts were well received. Mr. Hunt gave a brief explanation of the purpose of the Liquidity Committee to the new Board members.

New Board Member Orientation

Mr. Boldt announced that there will be a new Board member orientation meeting in the near future to review legal and regulatory issues and investment related issues. All Board members, new and existing, will be invited to attend the meeting.

Asset Allocation, Risk and Performance

Mr. Hunt asked Mr. Boldt to report on the Corporation's asset allocation, risk and performance. Mr. Boldt explained a new chart in the presentation materials that shows market exposure and deviations from policy targets within tactical policy ranges. He also discussed relative risk analysis, the peer universe and value added. The latest performance information was presented. Mr. Boldt reported Cumulative Value Added under the Corporation's management for the period ended August 31, 2004. The net performance for the one-month period ended August 31, 2004, for the PUF and the GEF were 0.68%, and 0.59%, respectively, versus benchmark returns of 1.03% for each fund. The net performance for one-year ended August 31, 2004, for the PUF and GEF were 14.73% and 14.77%, respectively, versus benchmark returns of 13.22% for each fund. The Short Intermediate Term Fund's (SITF) performance was 0.55% versus benchmark return of .69% for the one-month period, and was 2.49% versus benchmark return of 2.31% for the one-year period ended August 31, 2004. Performance for the Short Term Fund (STF) was 0.12% versus 0.12% for its benchmark for the one-month period, and was 1.06% versus benchmark return of 1.08% for the one-year period ended August 31, 2004. Also reported was a manager history performance summary. Mr. Boldt, Ms. Iberg and Mr. Myers answered the Directors' questions.

Cambridge Associates Annual University Conference

Mr. Boldt handed out a presentation that was a review of the Cambridge Associates Annual University Conference that he had attended recently. He reviewed the asset allocation changes and asset mixes at the largest endowments, and discussed the areas of interest and concern at the conference. He also provided a handout that presented an asset mix comparison versus the top five peer competitors. Mr. Boldt answered the Directors' questions.

The meeting was recessed at 12:15 p.m.

Statement of Appreciation

Mr. Hunt acknowledged Ms. Susan M. Byrne's many contributions made during her long tenure as a board member of the Corporation. The following Resolution of Appreciation honoring Ms. Byrne was read:

WHEREAS, in 1983, Ms. Susan M. Byrne formed her own investment advisory firm, Westwood Holdings Group, Inc., which manages over \$4 billion in assets for a variety of institutional clients, including corporate pension funds, religious organizations, endowments and foundations and acts as the investment advisor to the Gabelli Westwood Funds, of which Ms. Byrne serves as President.

WHEREAS, as a result of her vast business experience and extraordinary talent, Ms. Byrne was appointed by the Board of Regents of The University of Texas System to the Board of Directors of The University of Texas Investment Management Company in 1996, was re-appointed by the Regents to serve another term on the Board of UTIMCO in 1999 and was re-appointed by the Regents to serve third term on the Board of UTIMCO IN 2002; and

WHEREAS, Ms. Byrne served UTIMCO in many roles, including as a Member of the Board's Ad Hoc Liquidity Committee, as a Member of the Board's Compensation Committee and as a Member of the Board's Nominating Committee, providing outstanding leadership and guidance to UTIMCO by drawing upon her substantial business background listed above and her additional service as Director of numerous public and private company and philanthropic organizations; and

WHEREAS, Ms. Byrne's commitment and service as a Director of UTIMCO was exemplary, reflecting her deep devotion to higher education and the excellence and advancement of the investment profession, evidenced by her service as Trustee of the City of Dallas Employee Retirement Fund, as Trustee of the Southwestern Medical Foundation and a Member of its Finance Committee, as Trustee of the First Presbyterian Church of Dallas Foundation and Chair of its Investment Committee, as Member of the Governor's Business Council, and as Member of the Committee of 200; and

WHEREAS, during Ms. Byrne's tenure on the Board, UTIMCO managed the Permanent University Fund and other investments of the UT System with the highest standards of integrity, professionalism and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely the UT System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies and the capital markets and investment community generally; and

WHEREAS, much of the credit for UTIMCO's success is directly attributable to Ms. Byrne's leadership, judgment, direction and commitment; and

WHEREAS, to the great regret of the UTIMCO Board and Staff, Ms. Byrne has announced her resignation from the Board of UTIMCO to pursue other professional opportunities; NOW, THEREFORE,

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M

University System, do hereby express to Susan M. Byrne their sincerest appreciation and gratitude for her vision, leadership and service that have contributed to UTIMCO's past successes; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that through her outstanding service to UTIMCO, Ms. Byrne has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of the UT System and the A&M System.

Ms. Byrne stated her appreciation for the opportunity to serve on the Corporation's Board to the benefit of the U. T. and Texas A&M Systems. She has been a part of UTIMCO since inception. Mr. Boldt and several Directors thanked her for her many years of service and stated that she will truly be missed as a member of the Board.

The Board of the Corporation reconvened in an open meeting at the same meeting location at 1:15 p.m.

Public Markets Investments Program

After reconvening, Mr. Hunt turned the meeting over to Mr. Boldt and Mr. Goldsmith for a presentation on the Corporation's Public Markets Investments program. The Public Markets Investments program currently includes approximately 57% of the total endowment assets as well as internally managed derivatives positions. The Public Markets group is responsible for investments in Domestic Equities, International Equities, Domestic and International Fixed Income, and presently oversees TIPs and Commodities. The Staff focuses on defining and locating high PVA investment opportunities and structuring relationships in those opportunities. Mr. Boldt and Mr. Goldsmith answered the Directors' questions.

Board Meeting Plan for 2004-2005

Mr. Hunt asked Mr. Boldt to discuss the next item on the agenda. Mr. Boldt provided a broad outline of the major topics to be considered at Board meetings over the ensuing 12 months. Specific agendas for each meeting will be developed in coordination with the Board Chairman and Vice Chairman of Policy, as is the current practice.

External Board Service

Mr. Hunt asked Mr. Boldt to review the request for Board approval to serve on a for-profit entity board for compensation. Mr. Boldt stated that his verbal agreement with the Board and the Corporation's Ethics Policy require that he obtain approval to serve on the board of directors of The Endowment Fund, L.P., a registered investment company (under the Investment Act of 1940), that offers investment services to individuals and smaller institutions. Mr. Boldt answered the Directors' questions. Upon motion duly made and seconded, with Chancellor Yudof abstaining, the following resolution was adopted:

RESOLVED, that the Board of Directors hereby approves External Board Service for Mr. Bob L. Boldt, President of the Corporation, on the Board of Directors of The Endowment Fund, L.P.; and be it

FURTHER RESOLVED, that all External Board activity will be on personal time, with no investment or marketing responsibilities as a member of the External Board and will not give rise to conflicts of interest; and be it

FINALLY RESOLVED, that this External Board Service will meet all requirements of the Code of Ethics Policy and the Investment Management Services Agreement for the Corporation applicable to external, for-compensation board service.

Customer Satisfaction Survey Results

Mr. Hunt asked Mr. Boldt to present the results from the second Customer Satisfaction Survey. Mr. Boldt began by stating that the objective of the first survey conducted last year and the current survey, which was conducted over the past several weeks, has been to obtain valuable feedback from the Corporation's clients in the UT and Texas A&M Systems. Mr. Boldt presented a summary of results of the survey noting areas where the Corporation had shown solid improvement over the prior year's survey and areas where further improvement was needed. He also stated that complete results and a copy of the survey questions are available to the Directors at their request.

Liquidity Policy

Mr. Hunt asked Mr. Hester, Chairman of the Liquidity Committee, to discuss the recommendation for approval of the Liquidity Policy as presented to the Board. The Liquidity Policy defines liquidity categories and sets asset weight limits for each category in order to control the aggregate amount of liquidity risk that can be assumed in the endowment portfolios. The amendments recommended are to clarify liquidity status and the responsibility that the Committee has in reviewing new investments, require certification of the accuracy of monthly liquidity reports and minor editorial changes. After a discussion, upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the Liquidity Policy as presented be, and is hereby, approved, subject to approval by the U. T. System Board of Regents.

Liquidity Charter

Mr. Hester then recommended approval of the Liquidity Charter as presented to the Board. The Charter sets forth the functions, duties and responsibilities of the Committee in order for the Liquidity Committee to assist the Board in providing oversight and monitoring the liquidity of the policy portfolio. The proposed amendments will clarify and enumerate certain responsibilities delegated to the Liquidity Committee by the Board. Upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the Charter of the Liquidity Committee be, and is hereby, approved in the form as presented to the Board.

Bylaws and Investment Management Services Agreement

Mr. Hunt explained that amendments to the Corporation's Bylaws and modifications to the Investment Management Services Agreement were proposed to the Board of Regents in response to recommendations from the Working Group (a working group formed by the UT System Board of Regents comprised of representation from UT System administration, Ennis Knupp & Associates, Baker Botts L.L.P. and UT Austin) regarding certain investment management and oversight issues. These amendments and modifications were approved by the Board of Regents at their August 12, 2004 meeting. Following a discussion of the amendments and modifications, upon motion duly made and seconded, the following resolutions were adopted:

RESOLVED, that the amendments of the Bylaws be, and are hereby, ratified as approved by the UT System Board of Regents on August 12, 2004; and further

RESOLVED, that the amendments of the Investment Management Services Agreement be, and are hereby, ratified as approved by the UT System Board of Regents on August 12, 2004.

Rebate of Cash Reserves

Mr. Hunt and Mr. Boldt explained that the Investment Management Services Agreement that was approved by the Board of Regents at their August 12, 2004 meeting contains a new section which calls for the Corporation to distribute \$4 million of its Cash Reserves back to the Permanent University Fund, Long Term Fund, Permanent Health Fund, and the Short Intermediate Term Fund in the same proportions that the funds contributed to the cash reserves. Upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the Board of Directors hereby approves the rebate of \$4 million of its cash reserves to the Permanent University Fund, Long Term Fund, Permanent Health Fund, and the Short Intermediate Term Fund in the same proportions that the funds contributed to the cash reserves, to be paid within the first 90 days of the 2004-2005 fiscal year.

Delegation of Authority Policy


Mr. Hunt gave a brief history of past delegation of authority policies and stated that he had asked Mr. Boldt to revisit the policy with regard to best practices, delegation of authority to Staff, best use of Directors' time, and the Working Group's recommendations. Mr. Boldt presented a proposed amended Delegation of Authority Policy. After discussion, Mr. Boldt stated that he would present another version of the amended policy to the Board for consideration at their next meeting.

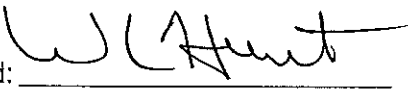
Mr. Hunt stated that committee assignments would be deferred until the next Board meeting as well.

Website Demonstration

Mr. Boldt introduced Mr. Edwards and asked that he give a demonstration on the Corporation's website. The Corporation's home page and the Board Room website application were reviewed. Mr. Edwards answered the Directors' questions.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 3:30 p.m.

Secretary: 
Joan Moeller

Approved: 
Woody L. Hunt
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date: 11/15/04