

**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 10:05 a.m. on the **16th day of June 2005**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 1700, 221 West 6th Street, Austin, Texas, 78701, 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  
H. Scott Caven, Jr., Vice Chairman  
Clint D. Carlson  
J. Philip Ferguson  
Erle Nye  
Robert B. Rowling  
Charles W. Tate

thus, constituting a majority and quorum of the Board. Director Mark G. Yudof was not present at the meeting. Also attending the meeting were Cyndi Krier, UT System Regent; 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; Jerry Turner, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Scott Kelley, Phillip Aldridge, Amy Barrett, Charlie Chaffin, and Cathy Swain of UT System Administration; Bruce Myers of Cambridge Associates; and Michael Sebastian of EnnisKnupp. Mr. Hunt called the meeting to order at 10:05 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 May 19, 2005. 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 May 19, 2005, be, and are hereby, approved.

### **Committee Assignment**

Mr. Hunt stated that the next item to come before the Board was designation of committee members and chair designation for the Risk Committee. Mr. Hunt requested that the proposed resolution be amended to remove Director Ferguson from the Committee since Mr. Ferguson was serving as Chair of the Compensation Committee. Upon motion duly made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, that, H. Scott Caven, Jr., Woody L. Hunt and Charles W. Tate are hereby designated as the Risk Committee of the Board of Directors to serve until the expiration of their term, or until their successor has been chosen and qualified, or until such their earlier death, resignation or removal; and

FURTHER RESOLVED, that H. Scott Caven, Jr. is hereby designated the Chair of the Risk Committee and shall preside at its meetings.

### **Asset Allocation Policy**

Mr. Hunt asked Mr. Boldt to begin the discussion and consideration of the 2005 Asset Allocation Policy. Mr. Boldt discussed the highlights of the Board's review process over the past several months. He discussed the outcome of the Directors' votes on decision factors at the last meeting and highlighted changes from this year's vote versus the last asset allocation review. He presented a recommended 2005 Asset Allocation Policy providing tactical value added, targets, ranges, and actual benchmarks. Mr. Boldt detailed the few proposed changes to the asset allocation and Mr. Hunt provided a historical perspective of the last asset allocation review. Discussion continued regarding asset allocation, targets and benchmarks. Mr. Boldt, Dr. Brown, Mr. Goldsmith, Mr. Myers and Mr. Sebastian answered the Directors' questions. At this point, Director Nye left the meeting. Mr. Boldt then proposed policy portfolio targets, ranges and benchmarks for approval, with the exception of benchmarks for hedge funds, commodities and fixed income, which will be discussed and considered at the next meeting pending a review from Cambridge Associates. Mr. Boldt stated that the 2005 Asset Allocation Policy would be put forth for discussion at the July 8 Joint Board of Regents/Board of Directors meeting, pending final approval of the benchmarks to be considered by the Directors at their meeting on July 21, 2005, with recommendation of final approval by the UT System Board of Regents at their meeting to be held in August 2005. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Policy Portfolio Targets, Ranges and Benchmarks, with the exception of benchmarks for hedge funds, commodities and fixed income, be approved and adopted by this Corporation's Board of Directors, subject to approval by The University of Texas System Board of Regents.

The 2005 Asset Allocation Policy so approved is attached to these minutes.

### **UT System Investment Performance Reporting Error Correction Policy**

Mr. Hunt recommended approval of The University of Texas System Investment Performance Reporting Error Correction Policy which addresses situations where errors are discovered and will formalize the process when corrections to reported performance data must be made. This policy applies to all types of errors in presentation of actual and benchmark investment performance reporting for fund portfolios (endowment and operating), asset classes, and third party investment manager portfolios. With no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

**RESOLVED**, that The University of Texas System Investment Performance Reporting Error Correction Policy, in the form submitted, be approved and adopted by this Corporation's Board of Directors, subject to approval by The University of Texas System Board of Regents.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 11:30 a.m.

Secretary: Joan Moeller  
Joan Moeller

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

Date: 7/25/05