

**MINUTES OF THE BOARD RETREAT 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, for a Board Retreat, at 1:45 p.m. on the **30th day of May, 2006**, at the Barton Creek Resort and Spa, 8212 Barton Club Drive, Austin, Texas, 78735, said meeting having been called to order by the Chairman, H. Scott Caven, Jr., 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:

H. Scott Caven, Jr., Chairman
Woody L. Hunt, Vice Chairman
Mark G. Yudof, Vice Chairman for Policy
Clint D. Carlson
J. Philip Ferguson
Colleen McHugh
Robert B. Rowling
Charles W. Tate

thus, constituting a majority and quorum of the Board. Director Erle Nye was not present at the meeting. Also attending the meeting were: Bob Boldt, President 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; Trey Thompson, Managing Director – Non-Marketable Alternative Investments; Glenn Opel, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; and Philip Aldridge of UT System Administration. Joanne Hill of Goldman Sachs was in attendance as the afternoon guest speaker. Mr. Caven called the Board Retreat to order at 1:45 p.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Introductory Remarks

Mr. Boldt gave introductory remarks for the first annual UTIMCO Board Retreat. He said that the general theme of the retreat was "UTIMCO in 2015", reviewing the changes that are likely in endowment fund management over the next ten years and how UTIMCO will adapt to, or lead, those changes. He hoped to have open-ended discussions on strategic issues, with no final decisions being made at the retreat. Instead, he hoped to come out of the sessions with a list of issues and ideas to be researched and addressed in decision making mode at future regular Board meetings. Mr. Boldt continued by introducing the speakers for the retreat giving a short background on each.

Joanne M. Hill

The first speaker of the retreat was Ms. Joanne Hill. Joanne M. Hill is a Managing Director and leads the Equity Products Strategy at Goldman Sachs, which has repeatedly gained the top ranking in industry

surveys. She advises institutional investors, primarily pension funds, endowments and foundations, on investment strategies and market developments for equity derivative products, exchange-traded funds, and portfolio trading. Ms. Hill provided some indication of how her clients' requests have changed over the past several years and how they are likely to change in the future. She has published articles addressing the issues of the difficulty of finding "alpha" and how pension funds are adapting to changes in pension regulations, and how the changes pension funds will be making could affect UTIMCO. Her presentation addressing these topics initiated interesting discussion among the Board and Staff. The meeting was recessed at 4:30 p.m.

Matthew R. Simmons

The Board of the Corporation reconvened in an open meeting at the Palm Court Meeting Room at 6:30 p.m. Mr. Boldt introduced the evening speaker, Mr. Matthew R. Simmons, Chairman of Simmons & Company International. Simmons & Company International is a specialized energy investment banking firm that has completed approximately 600 investment banking projects for its worldwide energy clients at a combined dollar value in excess of \$77 billion. Mr. Simmons discussed his new book Twilight in the Desert. He has spent many years analyzing the implications of what he terms "peak oil" and his useful insights to both investors and citizens were discussed by the Board and Staff. The meeting adjourned at approximately 9:00 p.m.

The Board of the Corporation reconvened in an open meeting, for a Board Retreat, at 8:45 a.m. on the **31st day of May, 2006**, at the Barton Creek Resort and Spa, 8212 Barton Club Drive, Austin, Texas, 78735. Participating in the meeting were the following members of the Board:

H. Scott Caven, Jr., Chairman
Woody L. Hunt, Vice Chairman
Clint D. Carlson
J. Philip Ferguson
Colleen McHugh
Robert B. Rowling
Charles W. Tate

thus, constituting a majority and quorum of the Board. Directors Mark G. Yudof and Erle Nye were not present at the meeting. Also attending the meeting were: Bob Boldt, President 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; Trey Thompson, Managing Director – Non-Marketable Alternative Investments; Glenn Opel, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Cathy Swain of UT System Administration; Bruce Myers of Cambridge Associates; and Joanne Hill of Goldman Sachs. Ray Dalio of Bridgewater was in attendance as the morning guest speaker. Mr. Caven called the meeting to order at 8:45 a.m.

Overview of Day One

Mr. Boldt began with an overview of the presentations and discussions from the previous day. He then introduced the next guest speaker, Mr. Ray Dalio.

Ray Dalio

Ray Dalio is the founder and current President and Chief Investment Officer of Bridgewater Associates, the world's largest hedge fund. Two articles by Mr. Dalio were presented to the Board prior to the Retreat. The first article provided a brief description of the innovative approach Bridgewater has taken to what he terms "Post-Modern Portfolio Theory." Mr. Dalio's second article, entitled "The Biggest Mistake in Investing," which reviewed an issue the Corporation is very likely to face in the future with regards to balancing the portfolio. Mr. Dalio made a presentation entitled Structuring a Better Portfolio. Mr. Dalio believes in "engineering" portfolio solutions to specific problems and provided interesting insight on how he expects this approach to evolve over the next 10 years. His presentation led to a discussion on portfolio management, separating alpha and beta and risk budgeting.

Conclusion

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 12:10 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: H. Scott Caven, Jr. Date: 9-22-06
H. Scott Caven, Jr.
Chairman, Board of Directors of
The University of Texas Investment
Management Company