

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

The Risk Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **March 30, 2006** at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, 78701, said meeting having been called to order by the 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 Committee:

Charles Tate, Chair
H. Scott Caven, Jr.

thus, constituting a majority and quorum of the Committee. Director Woody L. Hunt was not present at the meeting. Also attending the meeting were Director Colleen McHugh; Bob Boldt, President of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Andrea Reed, Risk Manager; various staff members of the Corporation; Bill Volk, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Philip Aldridge, William Huang, Jim Phillips and Cathy Swain of UT System Administration; and Bruce Myers and Hamilton Lee of Cambridge Associates. Chairman Tate called the meeting to order at 8:13 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Director.

Minutes

The first matter to come before the Committee was approval of the minutes of the meeting of the Risk Committee held on January 16, 2006. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Risk Committee held on
January 16, 2006, be, and are hereby, approved.

Charter of the Risk Committee

After approval of the minutes, a revised version of the Charter of the Risk Committee was handed out to Committee members. Mr. Tate requested that they take a moment to review before continuing the meeting. Mr. Tate explained that the primary change in the version handed out assigned the responsibility of maintaining accuracy of the risk reporting to the management staff, and the oversight of the risk reporting to be the responsibility of the Committee. Mr. Turner was consulted in drafting the new language and the Staff is in agreement. Mr. Tate proposed that the Committee make a recommendation to the Audit and Ethics Committee asking them to review recommended changes. The Charter was discussed again later in the meeting.

Investment Policy Statements

Mr. Tate asked Mr. Boldt to present the proposed changes to Exhibit A of the Investment Policy Statements. Mr. Boldt explained that the Staff had earlier presented several proposed changes to the Investment Policy Statements to the Policy Committee for approval. The Policy Committee approved the Investment Policy Statements for each fund except for Exhibit A; however, the Policy Committee requested that the Risk Committee review the changes in Exhibit A. Mr. Boldt explained in detail the recommended changes to Exhibit A. Exhibit A lays out targets and ranges for the Funds and is prepared on a net exposure, not cash basis. After discussion, the Risk Committee deferred recommendation of proposed changes to Exhibit A until discussion and consideration by the full Board.

Delegation of Authority Policy

Mr. Boldt continued by presenting the next item for discussion regarding the amendments to the Delegation of Authority Policy. The language in the Delegation of Authority Policy regarding short sales was deferred by the Policy Committee to the Risk Committee for review and approval. Mr. Boldt answered the Directors' questions. The Risk Committee approved the policy as drafted and recommended approval by the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments related to Tactical Asset Allocation on page 3 of the Delegation of Authority Policy, as presented, be and are hereby, approved, subject to approval by the Corporation's Board of Directors.

Charter of the Risk Committee

Mr. Boldt continued discussion of the Risk Charter by presenting the proposed changes to the Charter of the Risk Committee. From information received at the joint meeting with the Risk Committee and Audit and Ethics Committee, the Staff delineated the responsibilities of the two Committees and described the relationship in their two respective Charters. As modified, the Risk Charter would clarify and expand the duties and responsibilities of the Risk Committee in providing oversight and monitoring of compliance and investment risk, the integrity of risk management procedures and controls, the integrity of risk models and modeling processes and liquidity of the PUF, GEF and Intermediate Term Fund (ITF). The Risk Committee will provide assurances to the Audit and Ethics Committee on a periodic basis regarding these items to assist the Audit and Ethics Committee in its evaluation of the Corporation's overall enterprise risk management. The Committee recommended accepting the proposed Risk Charter, subject to further approval by the Board, the proposed amendments to the Risk Charter, as presented, including the changes requested by Mr. Tate on page 2 of the revised Charter relating to the Committee's oversight and monitoring of the integrity of risk management procedures and controls. Mr. Caven recommended one additional change on page 3 regarding the monitoring by the Committee of investment risk models, tools and processes used by Corporation staff. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the amendments to the Charter of the Risk Committee, as presented be, and are hereby, approved, subject to approval by the

Corporation's Board of Directors.

Liquidity Profiles

Mr. Boldt continued by presenting the Liquidity Profiles as of the end of January 2006. The PUF and GEF profile reports included certification signatures by the Risk Manager, Chief Compliance Officer, and President of the Corporation. All Managing Directors' signatures were provided certifying the January 31, 2006, reports and supporting documentation. Mr. Boldt presented the liquidity profiles, actual liquidity classifications, and pro-forma liquidity profile. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Liquidity Profiles for January 2006, are hereby approved in the form submitted to the Committee.

Risk Dashboard

Mr. Boldt moved on to present the most current Risk Dashboard. The Staff has developed a set of standardized charts and graphs that are provided to the Board on a monthly basis presenting a comprehensive risk analysis of the Endowment Funds. Mr. Boldt answered the Directors' questions.

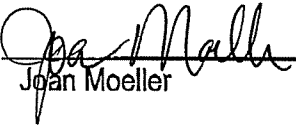
Derivative Compliance

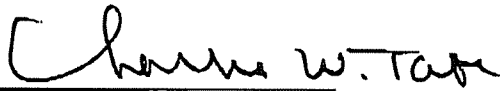
Mr. Boldt asked Ms. Reed to give a summary of the current Derivative Compliance. When creating the reports to provide to the Committee, the Staff determined that there were two different "types" of derivatives, Type 1 and Type 2. The Staff differentiates between the two by identifying those derivatives that replicate exposures and those that tilt the portfolio in some way. Type 1 derivatives are typically futures which are collateralized by cash or, in "structured active management" applications by hedge funds, to limit their economic impact and leverage. Type 2 derivatives are typically options or swaps and are collateralized by the portfolio to which they are applied. Type 2 derivatives serve to either increase or decrease risk. He asked Ms. Reed to review the process that the risk management staff follows to evaluate and test the risk in the various derivative applications that the Corporation pursues. Mr. Boldt and Ms. Reed answered the Directors' questions.

Comprehensive Derivative Reports

Mr. Boldt presented the Comprehensive Derivative Reports. The Derivative Investment Policy amendments approved on October 7, 2005 require that the Staff provide a comprehensive report of all approved derivative applications and all outstanding derivatives positions established under agency agreements. Also prepared was a report on counterparties. The reports are for the period ended January 31, 2006. Mr. Boldt and Ms. Reed answered the Directors' questions.

There being no further business to come before the Risk Committee, the meeting was adjourned at approximately 9:30 a.m.

Secretary: 
Joan Moeller

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

Date: 11/20/06