

**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 **July 21, 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
Clint Carlson
J. Philip Ferguson

thus, constituting a majority and quorum of the Committee. Also attending the meeting were Board Chairman Scott Caven; Bob Boldt, President of the Corporation; Joan Moeller, Secretary and Treasurer 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; Jerry Turner, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Charlie Chaffin, Amy Barrett, William Huang, and Cathy Swain of UT System Administration; and Bruce Myers of Cambridge Associates. Chairman Tate called the meeting to order at 3:06 p.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Minutes

The first matter to come before the Committee was approval of the minutes of the meeting of the Risk Committee held on March 30, 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
March 30, 2006, be, and are hereby, approved.

Manager Classification

Mr. Tate began the discussion of manager classification by stating that there would be discussion and consideration at this meeting but did not anticipate approval of a resolution. Mr. Boldt gave an overview, using as a starting point, an assumption from the Staff and the Board's two consultants that all active management applications using publicly traded securities are "hedge funds" unless an application fails to meet certain criteria. Mr. Boldt then reviewed seven recommended criteria and stated that since these criteria specify what a hedge fund is under our approved asset allocation policy, any active application that does not meet any one of these criteria would be more correctly classified in a non-hedge fund asset category. Nonetheless, there may be particular situations where even though an application fails one of the criteria, the Risk Committee may determine that the application is still better classified as a hedge fund.

As a suggested method, the Staff provided to the Committee a Classification Process Flowchart that would track the Process through each decision point in reaching the final classification decision. Staff would provide historical data, future expectations, and recommendations for Risk Committee review for each prospective manager classification. Staff would review the manager classifications with the Committee on an ongoing basis.

After discussion, with Mr. Boldt, Ms. Iberg, Mr. Goldsmith and Ms. Reed answering the Committee members' questions, Mr. Tate asked Mr. Boldt to revise the proposal, reviewing with Dr. Brown, Mr. Myers and Chancellor's staff, and asked Mr. Turner to ensure it was legally sound and in accordance with the Risk Charter. The final proposal will be brought forth with a recommended approval at a subsequent Risk Committee meeting.

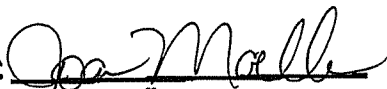
Risk Dashboard

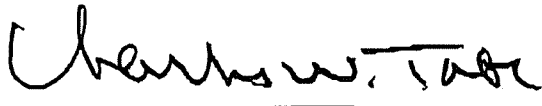
Mr. Boldt moved on to the next item on the agenda and presented the most current Risk Dashboard, reviewing the set of standardized charts and graphs that are provided to the Board on a monthly basis. The charts presented a comprehensive risk analysis of the Endowment Funds. Mr. Boldt, Ms. Iberg and Ms. Reed answered the Directors' questions.

Risk Consultant

Mr. Tate asked Ms. Reed to update the Committee regarding the Risk Consultant process. Ms. Reed will report back to the Committee with a schedule of the Request for Proposal process including deadlines, summary of the responses, and interview schedule.

There being no further business to come before the Risk Committee, the meeting was adjourned at approximately 4:45 p.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: 11/16/06