

**MINUTES OF SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF  
THE UNIVERSITY OF TEXAS  
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors of The University of Texas Investment Management Company (the "Corporation") convened in a special meeting on the 26th of September 2000 at the Tower Club, Thanksgiving Tower - 48<sup>th</sup> Floor, 1601 Elm Street, Dallas, Texas, said meeting having been called by the Vice Chairman, with notice provided to each Director in accordance with the Bylaws. Participating in the meeting were the following members of the Board of Directors (the "Board"):

Robert H. Allen, Vice Chairman  
R. D. (Dan) Burck  
Susan Byrne  
Woody L. Hunt  
Lowry Mays  
John D. McStay  
A. W. "Dub" Riter, Jr.  
A. R. (Tony) Sanchez, Jr.

thus, constituting a majority and quorum of the Board of Directors. Director J. Luther King was absent. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; and Rod Edens, Vinson & Elkins, legal counsel for the Corporation.

Mr. Allen called the meeting to order at 10:10 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director.

**Minutes**

The first item to come before the Board was approval of the minutes of the meeting of the Board of Directors held on August 23, 2000. 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 August 23, 2000 be and are hereby approved.

NOW, THEREFORE, BE IT RESOLVED, that the selection of Cambridge Associates to serve as a non-discretionary advisor with respect to Alternative Assets – Non Marketable investments on the terms presented to the Board be approved; and be it further

RESOLVED, that the President 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 of the Investment Advisory Agreement as may be necessary or in the best interests of this Corporation; and be it further

RESOLVED, that the President, 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 Agreement), 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 Agreement and the instruments referred to therein.

#### **Approval of Amended and Restated Investment Management Services Agreement**

Mr. Ricks stated that Management was proposing certain revisions to the Investment Management Services Agreement between the Corporation and the Board of Regents of The University of Texas System. The revisions were designed to conform the language of the Agreement with recent amendments to constitutional provisions governing the PUF and to U. T. Board policies. A motion to approve the amended and restated Agreement with an additional conforming change to the definition of the Available University Fund was duly made and seconded. The following resolution was unanimously adopted:

RESOLVED, that the Amended and Restated Investment Management Services Agreement between the Corporation and the Board of Regents of The University of Texas System be and is hereby approved.

#### **FY 2000 Results**

Mr. Ricks began by stating that FY2000 was a very successful year for the Corporation. Assets under management increased from \$13.7 billion to \$15.5 billion during the year, largely as a result of growth in the value of the three major endowment funds. Endowment investment returns all exceeded the 14.58% annual return of the endowment policy portfolio with excess returns ranging from 151 bps. for the PUF to 601 bps. for the LTF. The performance of the U.S. small cap and alternative asset portfolios were the major contributors to the Corporation's success. The wide dispersion in excess returns among the endowment funds was due to the continuing implementation of total return asset allocations for the PUF and PHF. With the structuring of the funds essentially complete, Mr. Ricks expected the dispersion in results to narrow considerably.

Performance for the \$2.7 billion of operating funds under management was not as strong as that of the endowment funds. The \$1.8 billion SITF underperformed its benchmark slightly by 03 bps. while the \$800 million STF outperformed its benchmark by 40 bps.

Mr. Ricks also compared the investment returns of the endowment funds against a) the average returns of various fund universes compiled by Russell/Mellon and b) the annual returns of the other three major Texas public funds as of June 30, 2000. The 16.51% annual return for the PUF substantially outperformed the returns of the universes and the other public funds.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 12:00 p.m.

Secretary: Cathy Jones

APPROVED:

Vice Chairman: Robert B. Allen