

**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 22nd of February 2001 at The Houston Center Club, Metropolitan Room, 1100 Caroline, Houston, Texas, said meeting having been called by the 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, Chairman
Woody L. Hunt, Vice Chairman
R. D. Burck
Susan M. Byrne
J. Luther King, Jr.
John D. McStay
A. W. "Dub" Riter, Jr.

thus, constituting a majority and quorum of the Board of Directors. Directors Lowry Mays and A. R. (Tony) Sanchez were absent. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; Cathy Iberg, Secretary of the Corporation; Dave Russ, of Corporation's management; and Jerry Turner, Vinson & Elkins, legal counsel for the Corporation.

Mr. Allen called the meeting to order at 10:00 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Minutes

The first item to come before the Board of Directors was approval of the minutes of the meetings of the Board of Directors held on December 7, 2000 and the January 23, 2001. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meetings of the Board of Directors held on December 7, 2000 and January 23, 2001, be and are hereby approved.

Performance Review

Mr. Ricks reported on the performance of the endowment funds and the operating funds for various periods ending January 31, 2001. Total assets under management increased from \$14.4 billion as November 30, 2000 to \$15.1 billion as of January 31, 2001. For August 31, 2001, the total assets under management were \$15.5 billion. The net investment returns for the five month period ending January 31, 2001 for the LTF, PUF, and the PHF were (2.41)%, (2.07)% and (3.21)% respectively. Mr. Ricks reported that diversification of the endowment funds in alternative equities (Marketable, Nonmarketable and Inflation hedging) helped mitigate the losses experienced by publicly traded domestic and foreign equities for the five month period ending January 31, 2001. Mr. Ricks answered the Directors' questions and discussion ensued regarding the current trends in the market place. Dave Russ presented risk management reports on the PUF utilizing Value-at-Risk analysis and compared the results obtained from the analysis as of August 31, 2000, and December 31, 2000. Mr. Russ reported on the market events for this same time period and answered the Directors' questions.

Alternative Equities-Marketable

Mr. Russ introduced Richard C. Perry from Perry Partners International, Inc. who presented Perry Partners' strategy and performance for the \$269 million investment portfolio under management. Mr. Perry answered the Directors' questions and left the meeting.

Alternative Equities-Nonmarketable

The next item presented to the Board of Directors was an update regarding the status of the private investment portfolio. Mr. Ricks introduced Mr. James Bailey and Ms. Jennifer Urdan from Cambridge Associates, LLC who presented their views on the private investment market environment. Following the presentation the Cambridge individuals answered the Directors' questions and left the meeting.

Approval of Deloitte & Touche, LLP as Independent Auditors and Approval of UTIMCO Key Employees

Ms. Iberg stated that the Corporation was requesting approval to engage Deloitte & Touche, LLP as independent auditors to audit the market values of the Long Term Fund and the Permanent Health Fund in conjunction with the unitization of these funds to one unitized pool, The General Endowment Fund. Upon motion duly made and seconded the following resolutions were unanimously adopted:

RESOLVED, that the firm of Deloitte & Touche, LLP be and is hereby engaged as Independent Auditors to audit the Statement of Market Values of Assets and Liabilities of The University of Texas System Long Term Fund and the Permanent Health Fund as of February 28, 2001.

RESOLVED, that the following employees be designated as key employees of the Corporation:

Thomas G. Ricks	President and Chief Executive Officer
Cathy A. Iberg	Managing Director – Investment Operations
David H. Russ	Managing Director – Public Markets
Greg Cox	Portfolio Manager – Equity Investments
J. Russell Kampfe	Senior Portfolio Manager – Fixed Income Investments
Harland B. Doak	Portfolio Manager – Fixed Income Investments

Approval of Increases in PHF and LTF Unit Payout Rates

Ms. Iberg reviewed the recommendation of distribution increases for the PHF and the LTF. These increases were based upon the distribution policy provisions found in the investment policy statements for the funds. Upon motion duly made and seconded the following resolution were unanimously adopted:

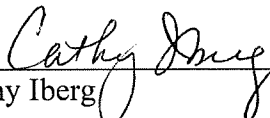
RESOLVED, that the annual distribution rate for the Permanent Health Fund be increased from \$0.046 per unit to \$0.047 per unit, effective with the November 30, 2001 distribution; and

RESOLVED, that the annual distribution rate for the Long Term Fund be increased from \$0.245 per unit to \$0.251 per unit, effective with the November 30, 2001 distribution.


Evaluation of UTIMCO Compensation Programs

Mr. Ricks introduced the study completed by William M. Mercer, Inc. regarding the Corporation's compensation programs in addition to other compensation options that the Corporation requested Mercer to evaluate. Mr. Greg Smith from William M. Mercer, Inc. presented their results of the study and answered the Directors' questions. No action was taken following the presentation.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 1:49 p.m.

Secretary: 
Cathy Iberg

APPROVED:

Chairman: 
Robert H. Allen