

**MINUTES OF THE MEETING 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 on the **12th day of December, 2001**, at the Fairmont Hotel, 1717 N. Akard Street, Dallas, Texas, said meeting having been called by the Vice-Chairman, A. W. "Dub" Riter, Jr., with notice provided to each member in accordance with the Bylaws.

Participating in the meeting on **December 12, 2001** were the following members of the Board:

A.W. "Dub" Riter, Jr., Vice-Chairman  
Woody L. Hunt  
J. Luther King, Jr.  
John D. McStay  
R. H. (Steve) Stevens, Jr.

thus, constituting a majority and quorum of the Board. Directors R. D. Burck, Susan M. Byrne, Rita C. Clements, and L. Lowry Mays were not present at the meeting. Also, participating in the meeting was Cathy Iberg, Interim President of the Corporation; Christy Wallace, Interim Secretary of the Corporation; Jerry Turner, legal counsel for the Corporation; Robert Allen, former Chairman of the Corporation; and Robert Estrada, U. T. System Regent. Mr. Riter called the meeting to order at 5:30 p.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

**Appointment of Chairman and Vice-Chairman**

The first item presented to the Board of Directors was a resolution to appoint Mr. A. W. "Dub" Riter, Jr. as Chairman of the Corporation and Mr. J. Luther King, Jr. as Vice-Chairman of the Corporation until the next Annual Meeting of the Corporation or until their resignation or removal. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that following the resignation of Mr. Robert H. Allen as Chairman of the Corporation, Mr. A. W. "Dub" Riter, Jr. is hereby appointed to the office of Chairman of the Corporation, and Mr. J. Luther King, Jr. is hereby appointed to the office of Vice-Chairman of the Corporation; each to serve until the next Annual Meeting of the Corporation or until their resignation or removal.

**Appointment of Director**

In conjunction with Mr. Stevens' first attendance at a UTIMCO board meeting, a motion was

Geoquest International Holdings, Inc.; Nuevo Energy Company; Allied Bank of Texas; American Mining Congress, Washington, D.C.; Bethlehem Copper Corp.; DiMark, Inc.; Earth Resources Corporation; and Standard Bank, Houston; and

**WHEREAS**, Mr. Allen's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to public service, evidenced by his work with the A&M System, as well as his service to many other civic and cultural organizations, including service as a Director/Trustee of the Baylor College of Medicine; the Contemporary Arts Museum in Houston; The Alley Theater, Houston; the Ford's Theater Society of Washington, D.C.; and the George Bush School of Government and Public Service; and

**WHEREAS**, Mr. Allen served UTIMCO in many roles, including as Chairman and Vice Chairman of the Board of Directors, as Chairman of the Audit and Ethics Committee of the Board and as a Member of the Board's Compensation Committee; and

**WHEREAS**, during Mr. Allen's tenure on the Board, UTIMCO managed the Texas Permanent University Fund and the other investments of the UT System with the highest standards of integrity, professionalism and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely the UT System and the A&M System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies and the capital markets and investment community generally; and

**WHEREAS**, much of the credit for UTIMCO's success is directly attributable to Mr. Allen's leadership, judgment and commitment; and

**WHEREAS**, to the great regret of the UTIMCO Board and Staff, Mr. Allen resigned from the Board, effective as of November 1, 2001, in order to allow an incumbent A&M Regent to take his place; **NOW, THEREFORE**

**BE IT RESOLVED**, that the Directors of The University of Texas Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to Robert H. Allen their sincerest appreciation for his leadership and service that have contributed immeasurably to UTIMCO's success; and

**BE IT FURTHER RESOLVED**, that all persons who read this Resolution should know that Robert H. Allen has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of the UT System and the A&M System.

Each of the directors present then spoke individually about the positive contributions that Mr. Allen has made while serving on the Corporation's Board to the benefit of the U. T. and Texas A&M Systems.

The meeting was recessed at 5:50 p.m.

The Board of the Corporation reconvened in an open meeting on the **13th day of December, 2001**, at the Fairmont Hotel, 1717 N. Akard Street, Dallas, Texas.

Participating in the meeting on December 13, 2001 were the following members of the Board:

A.W. "Dub" Riter, Jr., Chairman  
J. Luther King, Jr., Vice-Chairman  
R. D. Burck  
Susan M. Byrne  
Rita C. Clements  
Woody L. Hunt  
L. Lowry Mays  
John D. McStay  
R. H. (Steve) Stevens, Jr.

thus, constituting a majority and quorum of the Board. Also, participating in the meeting was Cathy Iberg, Interim President of the Corporation; Christy Wallace, Interim Secretary of the Corporation; Jerry Turner, legal counsel for the Corporation; and Robert Estrada, U. T. System Regent. Chairman Riter 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.

#### **Oaktree Capital Management Emerging Markets Fund Ltd.**

Cathy Iberg introduced Mr. Howard Marks and Mr. Greg Brandner of Oaktree Capital Management, LLC. Mr. Marks gave a background of their company, discussed performance and reviewed the specifics of the emerging market equities and distressed debt markets. Mr. Marks answered the directors' questions and then he and Mr. Brandner left the meeting. Mr. Mays also left the meeting at this time. Ms. Iberg and Mr. Bruce Myers of Cambridge Associates answered the Directors' questions on the proposed investment in OCM's Emerging Markets Fund. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board has reviewed Investment Recommendations prepared by the Corporation and the Corporation's private equity advisor, Cambridge Associates LLC, recommending that the Corporation invest with Oaktree Capital Management, LLC up to \$50 million of PUF and GEF assets in **OCM Emerging Markets Fund Ltd.** (the "Investment"); and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Recommendations dated December 13, 2001 for **OCM Emerging Markets Fund Ltd.** be approved; and be it further

RESOLVED, that the President and CEO, 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 proposed investment as may be necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to **OCM Emerging Markets Fund Ltd.**; and be it further

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

### **Barclays Global Investors Emerging Markets Structured Tiered Strategy**

Ms. Iberg then described the Barclays Global Investors Emerging Markets Structured Tier Strategy as a complement to the PUF and GEF's emerging markets portfolios. After discussion, with the motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board has reviewed the Investment Recommendation prepared by the Corporation, recommending that the Corporation enter into an agreement (the "Agreement") with Barclays Global Investors N. A. to invest up to \$100 million of PUF and GEF assets in **Barclays Global Investors Emerging Markets Structured Tiered Strategy**; and

WHEREAS, the Corporation has determined that the Agreement does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Recommendation dated

December 13, 2001 for **Barclays Global Investors Emerging Markets Structured Tiered Strategy** be approved; and be it further

RESOLVED, that the President and CEO, 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 proposed investment as may be necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to **Barclays Global Investors Emerging Markets Structured Tiered Strategy**; and be it further

RESOLVED, that the President and CEO, 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.

#### **Barclays Global Investors Russell 2000 Alpha Tilts Fund**

Ms. Iberg then discussed the Barclays Global Investors (“BGI”) Russell 2000 Alpha Tilts Fund recommending that this investment replace BGI’s Russell 2000 Index Fund. Ms Iberg explained the philosophy with the Directors and answered their questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board has reviewed the Investment Recommendation prepared by the Corporation, recommending that the Corporation enter into an agreement (the “Agreement”) with Barclays Global Investors N.A. to invest up to \$150 million of PUF and GEF assets in **Barclays Global Investors Russell 2000 Alpha Tilts Fund**; and

WHEREAS, the Corporation has determined that the Agreement does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Recommendation dated December 13, 2001 for **Barclays Global Investors Russell 2000 Alpha Tilts Fund** be approved; and be it further

RESOLVED, that the President and CEO, 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 proposed investment as may be

necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to **Barclays Global Investors Russell 2000 Alpha Tilts Fund**; and be it further

RESOLVED, that the President and CEO, 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.

### **Performance Review**

Ms. Iberg reported on the performance of the assets under the Corporation's management for the periods ended November 30, 2001. The net performance for the three-month period ending November 30, 2001, for the Permanent University Fund (PUF), Permanent Health Fund (PHF) and Long Term Fund (LTF) were (2.03)%, (1.53)%, and (1.50)%, respectively. The Short Intermediate Term Fund's (SITF) performance was 1.60% versus 2.23% for its benchmark for the fiscal year-to-date period ended November 30, 2001. Performance for the Short Term Fund (STF) was 0.28% versus 0.43% for its benchmark for the fiscal year-to-date period ended November 30, 2001. Ms. Iberg reviewed the PUF's performance attribution for the three-month period ended November 30, 2001, and reported on the returns for the various periods ended September 30, 2001, for the PUF, PHF and the LTF against various Russell/Mellon and Cambridge universes. Ms. Iberg also reported on the asset allocation of the Permanent University Fund and the General Endowment Fund (GEF) as of November 30, 2001, comparing actual versus their respective neutral policy portfolios. After her report, Ms. Iberg answered the Directors' questions.

### **Alternative Equities - Nonmarketable**

The next item presented to the Board of Directors was an update regarding the status of the private equity portfolio. Ms. Iberg discussed UTIMCO vintage year returns vs. Cambridge's asset class benchmarks as of June 30, 2001. Ms. Iberg also provided a report on the Corporation's U. S. Venture Capital portfolio and answered the Directors' questions.

### **Nomination Committee**

The next item presented to the Directors was a recommendation by Mr. Riter appointing the Corporation's Nominating Committee. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Susan Byrne, Rita Clements, and John McStay are hereby designated as the Nominating Committee of the Board of Directors to serve until their successors are chosen and qualify, or until their earlier resignation or removal; and be it further


RESOLVED, that Rita Clements is hereby designated as the Chairman of the Nominating Committee.

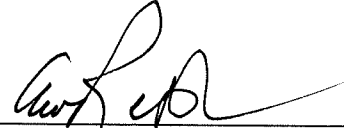
### Minutes

The next matter to come before the Board was approval of the minutes of the meeting of the Board of Directors held on October 26, 2001, and the minutes of the joint meeting of the Board or Directors and Chief Executive Officer Search Committee held on November 26, 2001. 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 October 26, 2001, and the minutes of the joint meeting of the Board of Directors and Chief Executive Officer Search Committee held on November 26, 2001, be and are hereby approved.

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

Interim Secretary:   
Christy W. Wallace

Approved:   
A. W. "Dub" Riter, Jr.  
Chairman, Board of Directors of  
The University of Texas Investment  
Management Company

Date: 2/19/02