

**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 at 3:02 p.m. on the **4th day of December 2003**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Town Lake Conference Room, 221 West 6th Street, Austin, Texas, 78701 said meeting having been called by the Chairman, Woody L. Hunt, with notice provided to each member in accordance with the Bylaws.

Participating in the meeting were the following members of the Board:

Woody L. Hunt, Chairman
J. Luther King, Jr., Vice-Chairman
Susan M. Byrne
Rita C. Clements
J. Philip Ferguson
I. Craig Hester

thus, constituting a majority and quorum of the Board. Directors Mark G. Yudof, James Huffines and R. H. (Steve) Stevens, Jr. were not present at the meeting. Also, attending the meeting were R. D. Burck, Advisory Director; Bob Boldt, President, Chief Executive Officer and Chief Investment Officer of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Cathy Iberg, Managing Director – Marketable Alternative Investments and Deputy CIO; Andrea Reed, Risk Manager; Sara McMahon and Trey Thompson, Managing Directors – Non-Marketable Alternative Investments of the Corporation; Bill Edwards – Managing Director Information Technology; Jerry Turner, legal counsel for the Corporation; Bruce Myers of Cambridge Associates; Philip Aldridge, Charlie Chaffin, Jerry Modjeski, Michael Warden, and Sandra Neidhart of U. T. System Administration; and Steven Voss and Michael Sebastian of EnnisKnupp. Mr. Hunt called the meeting to order at 3:02 p.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Minutes

The first matter to come before the Board was approval of the minutes of the meeting of the Board of Directors held on November 20, 2003. 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
November 20, 2003 be, and are hereby, approved.

Liquidity Policy

Mr. Hunt asked Mr. Boldt to discuss the proposed amendments to the Liquidity Policy. The Liquidity Policy was being amended to change the liquidity risk measurement from four categories to two: liquid and illiquid. The definitions for the liquid and illiquid categories were also changed. After a short discussion, an additional change in the definition of illiquidity and use of swaps, derivatives and other third party

arrangements to create liquidity were requested by the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Liquidity Policy, in the form submitted to the Board with the revisions approved at this meeting, be, and is hereby, approved; and

RESOLVED, FURTHER, that the President and the Secretary of the Corporation be and they are hereby authorized and directed to revise the Liquidity Policy to accomplish the purpose of the foregoing resolution.

The Liquidity Policy so approved is attached to these minutes.

Investment Policy Statements

Mr. Hunt asked Mr. Boldt to present the proposed changes to the Investment Policy Statements. The amendments to the policy statements were to clarify provisions and definitions related to asset allocation and asset allocation policy. The policies have been updated to reflect the earning of an annual average real return of 5.1% and to clarify selection and termination of unaffiliated investment managers of the PUF and GEF. Mr. Boldt and Mr. Myers answered the Directors' questions on the policy amendments and benchmarks. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the amendments to the Investment Policy Statements for the Permanent University Fund, the U. T. System General Endowment Fund, the Permanent Health Fund, and the U. T. System Long Term Fund as presented be, and are hereby, approved, subject to approval by the U. T. System Board of Regents.

Compensation Committee Report

Mr. King, Chairman of the Compensation Committee, reported that the Committee met on December 1, 2003. At the Committee meeting, Mr. King reported that they continued to make progress by reviewing documents prepared by Mercer Human Resources Consulting and discussing with Bruce Myers of Cambridge regarding benchmarks as related to the compensation guidelines for the Fiscal Year 2003-2004. No action was taken at the meeting.

Mr. Hunt thanked the members of the Compensation Committee for their commitment and hard work over the past several months.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 3:55 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Woody L. Hunt
Woody L. Hunt

Date: 1/13/04

Chairman, Board of Directors of
The University of Texas Investment
Management Company