

**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 2:35 p.m. on the **6th day of May 2004**, 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. The audio of the meeting was electronically recorded.

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

Woody L. Hunt, Chairman
J. Luther King, Jr., Vice-Chairman
Rita C. Clements
J. Philip Ferguson
I. Craig Hester
James R. Huffines

thus, constituting a majority and quorum of the Board. Chancellor Mark G. Yudof, Vice-Chairman for Policy, Director Susan M. Byrne and Director R. H. (Steve) Stevens, Jr. were not present at the meeting. Also, attending the meeting were Regent Scott Caven; 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; Larry Goldsmith, Managing Director of Public Markets; Andrea Reed, Risk Manager; Sara McMahon, Managing Director – Non-Marketable Alternative Investments of the Corporation; Bill Edwards – Managing Director Information Technology; Gary Hill, Manager of Investment Reporting; Jerry Turner, legal counsel for the Corporation; Philip Aldridge, Charlie Chaffin, Jane Bebar, and Moshmee Kalamkar of U.T. System Administration; Bruce Myers of Cambridge Associates; and Michael Sebastian of EnnisKnupp. Mr. Hunt called the meeting to order at 2:35 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 April 8, 2004. 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
April 8, 2004 be, and are hereby, approved.

Amendments to the PUF and GEF Investment Policy Statements

The next item on the agenda was proposed amendments to the Investment Policy Statements for the Permanent University Fund (PUF) and the U. T. System General Endowment Fund (GEF). Mr. Boldt explained that the staff was recommending changes to the PUF and GEF Investment Policy Statements in order to segregate two individual asset categories which were grouped together under broader asset classes in the Policy Statements approved by the Board of Regents at their December 19, 2003 meeting. The asset definitions and benchmarks have been provided for the revised asset classes. Also proposed is a change in the benchmark for Private Equity and Venture Capital asset categories. After discussion by Mr. Boldt and the Board, 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, and the U. T. System General Endowment Fund as presented be, and are hereby, approved, subject to approval by the U. T. System Board of Regents.

Amendments to the SITF Investment Policy Statement

Mr. Hunt asked Mr. Boldt to discuss proposed changes to the U. T. System Short Intermediate Term Fund (SITF) Investment Policy Statement. The recommended changes are to clarify the Investment Objectives section of the Investment Policy Statement. These changes would make the policy consistent with the preferences of the current large unitholders in the SITF. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the amendments to the Investment Policy Statement for the U. T. System Short Intermediate Term Fund as presented be, and are hereby, approved, subject to approval by the U. T. System Board of Regents.

Restatement of Historical Endowment Policy Portfolio Returns

The last item on the agenda was a discussion of a Board of Regents agenda item regarding the restatement of the Endowment Policy Portfolio (EPP) returns. The restatement was a result of a thorough review by the Corporation Staff of the asset class weights and benchmarks used in the establishment of the EPPs. The Staff and Cambridge Associates participated in a review and discussion of the restatement at the last Board meeting. As a follow-up to the meeting, Mr. Aldridge of UT System recommended that the restatement be presented as an information item at the next UT System Board of Regents meeting. Mr. Boldt explained that the Staff recommended that the Board approve the restatement of the returns of the EPPs and recognize the two separate EPPs as the proper benchmarks to compare the performance of the PUF and GEF (LTF and PHF). Director Huffines stated that he was fundamentally opposed to a retroactive restatement of EPP returns. After discussion, upon motion duly made and seconded, the following

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resolution was adopted by a vote of five ayes and one no, with Director Huffines voting against the recommendation:

RESOLVED, that the restatement of the Endowment Policy Portfolio Returns, and the two separate restated Endowment Policy Portfolios be recognized as the proper benchmarks to compare the performance of the Permanent University Fund and the U. T. System General Endowment Fund, as presented be, and are hereby, approved, and will be presented as an information item to the U. T. System Board of Regents.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 4:20 p.m.

Secretary:

Joan Moeller
Joan Moeller

Approved:

Woody L. Hunt
Woody L. Hunt
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date:

8/4/04