

**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 22nd day of August 2001, at the offices of Clear Channel Communications, 200 E. Basse Road, San Antonio, Texas, said meeting having been called by the Chairman, Robert H. Allen, with notice provided to each member in accordance with the Bylaws. Participating in the meeting were the following members of the Board:

Robert H. Allen, Chairman  
Woody L. Hunt, Vice Chairman  
R. D. Burck  
Rita C. Clements  
J. Luther King, Jr.  
L. Lowry Mays  
John D. McStay  
A. W. "Dub" Riter, Jr.

thus, constituting a majority and quorum of the Board. Director Susan M. Byrne was 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; and Jerry Turner and Kimberly Frost, legal counsel for the Corporation. Mr. Allen called the meeting to order at 10:15 a.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 June 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 June 26, 2001 be and are hereby approved.

**Review of Texas Open Meetings Act Provisions**

Mr. Jerry Turner introduced Kimberly Frost of Vinson & Elkins. Ms. Frost reviewed the provisions of the Texas Open Meetings Act with the Board of Directors and stated that effective September 1, 2001 the Corporation is subject to the Act by law. The Corporation has been convening in open meetings consistent with the Texas Open Meetings Act pursuant to a policy

statement adopted on September 3, 1999. Ms. Frost stated the requirements of the Act that would affect the Corporation and answered the questions of the directors. Ms. Frost then left the meeting.

### **Election of Officer**

The next item to come before the Board was the resignation and appointment of an officer of the Corporation. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that upon receiving and accepting the resignation of Mr. Woody Hunt as Vice-Chairman of the Corporation, Mr. A. W. "Dub" Riter is hereby appointed to the office of Vice-Chairman of the Corporation, to serve until the next Annual Meeting of the Corporation or until his resignation or removal.

At this time, Judge Cyndi Krier, a regent for the U. T. System, joined the meeting.

### **Alternative Equities – Nonmarketable**

The next item presented to the Board of Directors was a review and approval to invest up to \$50 million in Evercore Capital Partners II, L.P. Ms. Iberg reviewed the Corporation's investment recommendations and Cambridge Associates' concurring recommendation, previously distributed to the Directors, and answered their questions. 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 enter into a limited partnership agreement (the "Agreement") with Evercore Capital Partners, L.P. to invest up to \$50 million of PUF and GEF assets in **Evercore Capital Partners II, L. P.**; 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 August 22, 2001 for **Evercore Capital Partners II, L. P.** 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 as may be necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to **Evercore Capital Partners II, L.P.**; 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 July 31, 2001. The net performance for the three-month period ending July 31, 2001, for the PUF, PHF and LTF were (1.21)%, (0.86)%, and (0.85)%, respectively. The net investment returns for the fiscal year-to-date period ending July 31, 2001, for the Permanent University Fund (PUF), Permanent Health Fund (PHF), and the Long Term Fund (LTF) were (6.95)%, (7.62)%, and (7.16)%, respectively. The Short Intermediate Term Fund's (SITF) performance was 8.48% versus 8.79% for its benchmark for the fiscal year-to-date period ended July 31, 2001. Performance for the Short Term Fund (STF) was 5.26% versus 5.21% for its benchmark for the fiscal year-to-date period ended July 31, 2001. Ms. Iberg reviewed the PUF's performance attribution for the fiscal year-to-date period ending July 31, 2001, and reported on the returns for the periods ended June 30, 2001, for the PUF, PHF and the LTF against various Russell/Mellon universes and other large state investment funds. Ms. Iberg presented the asset allocation trends and comparative asset allocations of various colleges and university groups as provided by Cambridge Associates as of June 30, 2001. Ms. Iberg also reported on the asset allocation of the Permanent University Fund and the General Endowment Fund as of July 31, 2001. After her report, Ms. Iberg answered the Directors' questions.

### **Investment Manager Review**

Ms. Iberg reviewed the performance characteristics and statistics of the investment managers for the Permanent University Fund and General Endowment Fund, and answered the Directors' questions.

### **Executive Session**

Mr. Allen requested that the Directors convene in executive session to discuss the search for the President and Chief Executive Officer position of the Corporation. At 12:52 p.m. Mr. Allen announced that, "the Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Board to consider personnel issues related to the search for the President and Chief Executive

Officer of The University of Texas Investment Management Company. This Executive Session meeting of the Board is authorized by the Open Meeting Policy Statement of The University of Texas Investment Management Company adopted on September 3, 1999. The time is now 12:52 p.m.”

The Board reconvened at 2:10 p.m. in open session and Mr. Allen announced that, “the Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The time is now 2:10 p.m. During the Executive Session, the Board discussed the search for the Corporation’s President and CEO position, but did not take any votes.”

There being no further business to come before the Board, the meeting was adjourned at approximately 2:15 p.m.

Interim Secretary: \_\_\_\_\_  
Christy W. Wallace

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Robert H. Allen  
Chairman, Board of Directors of  
The University of Texas Investment  
Management Company