

**MINUTES OF MEETING OF
THE AUDIT AND ETHICS COMMITTEE OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Audit and Ethics Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **September 4, 2003**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, 221 W. 6th Street, Suite 1700, Town Lake Conference Room, Austin, Texas 78701, said meeting having been called by the Committee Chair, with notice provided to each member in accordance with the Bylaws. Participating in the meeting were the following members of the Committee:

R. H. (Steve) Stevens, Jr., Chair
Susan M. Byrne
Woody L. Hunt

thus, constituting a majority and quorum of the Committee. Also participating in the meeting were Joan Moeller, Secretary of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Greg Lee, Manager of Finance and Administration; Jerry Turner, legal counsel for the Corporation; and Charlie Chaffin and Miles Ragland representing The University of Texas System (the "UT System") Audit Office.

Chair Stevens called the meeting to order at 11:05 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Director.

Approval of the Minutes of the Audit and Ethics Committee

The first matter to come before the Committee was approval of the Audit and Ethics Committee minutes of the June 19, 2003 meeting. By motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Committee held on June 19, 2003 are hereby approved.

Engagement of Corporation's Independent Auditor

Mr. Stevens asked Ms. Moeller to review the appointment process and the engagement letter from Ernst & Young. In reviewing the engagement letter, Ms. Moeller reported that a new section had been added entitled Dispute Resolution Procedures. Ms. Moeller stated that Ernst & Young had adopted a firm wide policy that resulted in their insistence upon the new language. Mr. Turner stated that Vinson & Elkins

had reviewed and approved the letter. Ms. Moeller, Mr. Turner and Mr. Chaffin answered the Director's

questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the firm of Ernst & Young, LLP be and is hereby appointed as the independent auditor of the Corporation for the year ended August 31, 2003, subject to approval by the Corporation's Board of Directors.

Internal Compliance

Mr. Stevens asked Mr. Chaffin to give an update on internal compliance. Mr. Chaffin led a discussion including the new framework of Sarbanes Oxley regarding documentation of internal controls in preparation of financial statements. The possibility of having an independent auditor certification of the controls in the future was also discussed.

There being no further business to come before the Audit and Ethics Committee, the meeting was adjourned at approximately 11:30 p.m.

Secretary: _____
Joan Moeller

Approved: _____
R.H. (Steve) Stevens, Jr., Chair
Audit and Ethics Committee
of the Board of Directors of
The University of Texas Investment
Management Company

Date: _____