

**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 **June 19, 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 Chairman, with notice provided to each member in accordance with the Bylaws. Participating in the meeting were the following members of the Committee:

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

thus, constituting a majority and quorum of the Committee. Also participating in the meeting were Bob Boldt, President of the Corporation; 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 Christie Oliver representing The University of Texas System (the "UT System") Audit Office.

Chairman Hunt called the meeting to order at 3:05 p.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 October 31, 2002 meeting. By motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Audit and Ethics
Committee of the Board of Directors held on October 31, 2002, be and
are hereby approved.

Presentation of the Corporation's Financial Statements for the Period Ended April 30, 2003

Mr. Hunt asked Ms. Moeller to review the Corporation's financial statements for the period ended April 30, 2003. Ms. Moeller and Mr. Boldt answered the Directors' questions regarding the financial

statements.

Amendments to the Code of Ethics Policy

Mr. Hunt asked Ms. Moeller to present the proposed amendments to the Corporation's Code of Ethics Policy. Ms. Moeller noted that the Audit and Ethics Committee is required to review the Code of Ethics annually and recommend any proposed changes to the Board for approval. Changes to the Code of Ethics Policy will need to be approved by the Corporation's Board of Directors, and by the U.T. System Board of Regents. The Code is being amended based on a recommendation from the Baker Botts report, and minor editorial changes found during Management's and Vinson and Elkins' annual review of the Code. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the revision of the Code of Ethics be and is hereby approved in the form submitted to the Committee, subject to approval by the Corporation's Board of Directors.

Amendments to the Charter of the Audit and Ethics Committee

Mr. Hunt asked Ms. Moeller to explain the proposed amendments to the Charter of the Audit and Ethics Committee. Ms. Moeller stated that the amendments are to (1) reflect that the independent auditor for the investment funds managed by the Corporation will be selected by the U. T. System Board of Regents; and (2) to institute reporting requirements at the request of U. T. System to provide quarterly compliance reports to the U. T. System Board of Regents and to certify reports in a manner consistent with standards set forth in the Sarbanes-Oxley Act of 2002. Discussion of the proposed amendments followed, and the Directors' questions were answered by Ms. Moeller, Mr. Boldt, and Mr. Turner. Mr. Chaffin stated that the last paragraph under Powers and Limitations should be deleted for complete compliance to the Sarbanes Oxley Act. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the revision of the Audit and Ethics Committee Charter; be and is hereby approved in the form submitted to the Committee, with the deletion of the so stated last paragraph of the Charter under Powers and Limitations, subject to approval by the Corporation's Board of Directors.

Update on UTIMCO's Compliance, Reporting and Audit Issues

Chairman Hunt asked Ms. Moeller to update the Committee on the Corporation's compliance, reporting and outstanding audit issues. Ms. Moeller reviewed the compliance report with the Committee members and provided an update on outstanding audit topics, compliance reporting and meetings of the Corporation's internal compliance committee. Ms. Moeller answered the Committee members' questions. There were no notable items to report.

There being no further business to come before the Audit and Ethics Committee, the meeting was adjourned at approximately 3:45 p.m.

Secretary: _____
Joan Moeller

Approved: _____
Woody L. Hunt, Chairman
Audit and Ethics Committee
of the Board of Directors of
The University of Texas Investment
Management Company

Date: _____