

**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 9:35 a.m. on the **31st day of March 2005**, at the Four Seasons Hotel, 1300 Lamar, Houston, Texas, said meeting having been called by the Chairman, Woody L. Hunt, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded.

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

Woody L. Hunt, Chairman
H. Scott Caven, Jr.
J. Philip Ferguson
Charles W. Tate
Mark G. Yudof

thus, constituting a majority and quorum of the Board. Director Clint D. Carlson joined the meeting at the point indicated below. Directors Erle Nye and Robert B. Rowling were not present at the meeting. Also, attending the meeting were Mr. 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; Bill Edwards, Managing Director of Information Technology; Larry Goldsmith, Managing Director of Public Markets; Andrea Reed, Risk Manager; Sara McMahon and Trey Thompson, Co-Managing Directors – Non-Marketable Alternative Investments of the Corporation; several staff members of the Corporation; Jerry Turner, legal counsel for the Corporation; Scott Kelley, Philip Aldridge, Cathy Swain, Michael Warden and Amy Barrett of U. T. System Administration; Keith Brown of the McCombs School of Business at UT Austin; Greg Anderson of The Texas A&M University System ; Bruce Myers and Hamilton Lee of Cambridge Associates; and Steven Voss and Michael Sebastian of EnnisKnupp. Mr. Hunt called the meeting to order at 9:35 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 March 4, 2005. 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 March 4, 2005, be, and are hereby, approved.

Asset Allocation, Risk and Performance

Mr. Hunt asked Mr. Boldt to report on the Corporation's asset allocation, risk and performance. Mr. Boldt began by discussing the Market Exposure chart showing market exposure and deviations from policy targets within tactical policy ranges. He continued by discussing relative risk analysis, the peer universe and value added. Mr. Boldt reported Cumulative Value Added under the Corporation's management for the periods ended February 28, 2005. The latest performance information was also presented. The net performance for the one-month period ended February 28, 2005, for the PUF and the GEF were both 3.13%, versus benchmark returns of 1.69% for each fund. The net performance for the one-year period ended February 28, 2005, for the PUF and GEF were 11.67% and 11.72%, respectively, versus benchmark returns of 10.62% for each fund. The Short Intermediate Term Fund's (SITF) performance was -0.06% versus benchmark return of -0.23% for the one-month period, and was 1.14% versus benchmark return of -0.02% for the one-year period ended February 28, 2005. Performance for the Short Term Fund (STF) was 0.18% versus 0.16% for its benchmark for the one-month period, and was 1.52% versus benchmark return of 1.51% for the one-year period ended February 28, 2005. Also presented was a performance attribution, manager history performance summary, statistics on liquidity, and total derivatives by type and application. Mr. Boldt and Mr. Myers answered the Directors' questions. Mr. Boldt asked Mr. Goldsmith to give the Board a short presentation on derivatives positioning and implementation overview. He then gave an update on the recently implemented put-spread collar to protect the U.S. equity portfolio. Mr. Boldt and Mr. Goldsmith answered the Directors' questions.

Risk Presentation

The next item on the agenda was a presentation on Risk Management. Mr. Boldt stated that the next two agenda items, risk and asset allocation review, would be presented in a workshop setting, encouraging participation from Directors and Staff. Mr. Boldt and Ms. Reed gave a standard view of risk, explaining the measures and mathematics, and then a description of the Corporation's risk model. At this point, Director Carlson joined the meeting. Mr. Boldt, Ms. Reed and Ms. Iberg answered the Directors' questions.

Asset Allocation Review

Mr. Hunt asked Mr. Boldt to continue with the Asset Allocation Review. Mr. Boldt began with a review of the objectives, time frame and an overview of the asset allocation review process. He presented issues to address and consider in the asset allocation review.

The meeting was recessed at 12:30 p.m.

The Board of the Corporation reconvened in an open meeting at the same meeting location at 1:20 p.m.

Mr. Boldt continued with the Asset Allocation Review providing expert opinions and staff recommended return and risk assumptions; and leading discussions on potential value-added (PVA), constraints, and decision factors relating to the asset allocation review process. Mr. Boldt, Mr. Myers and Mr. Sebastian answered the Directors' questions. Prior to the next meeting, Mr. Boldt will provide further information, including suggestions provided by the Directors, regarding the review of asset allocation and the decision factor process.

The Annual Report on the External Investment Consultant and the Annual Report on External Counsel was deferred until the next meeting. Chancellor Yudof requested a more detailed reporting format in the future.

Annual Meeting

Mr. Hunt announced that the Annual Meeting of the Board will be held in Dallas, Texas on May 19, 2005. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Annual Meeting of the Board of Directors will be held on May 19, 2005, in Dallas, Texas.

PUF Distribution Amount and PHF and LTF Payout Rates

Mr. Hunt asked Mr. Boldt to present to the Board the Staff's recommendations of the Permanent University Fund distribution amount and the Permanent Health Fund and the Long Term Fund distribution rates for the fiscal year ending August 31, 2006. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the annual distribution amount for the Permanent University Fund be increased from \$341,174,270 to \$357,337,255, for fiscal year 2006, effective with the September 1, 2005 distribution, and the distribution rate for the Permanent Health Fund be increased from \$.047 per unit to \$.0482 per unit for fiscal year 2006, and the Long Term Fund be increased from \$0.2697 per unit to \$0.2764 per unit, effective with the November 30, 2005, distributions.

BE IT FURTHER RESOLVED, that the annual distribution amount for the Permanent University Fund and the distribution rates for the Long Term Fund and Permanent Health Fund be approved and adopted by this Corporation's Board of Directors, subject to approval by The University of Texas System Board of Regents.

Executive Session

Mr. Hunt, at 3:04 p.m., 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, for the purpose of deliberating personnel compensation matters for corporation employees. This Executive Session meeting of the Board is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 3:04 p.m."

In Executive Session, the Board discussed matters regarding personnel compensation matters. No action was taken and no vote was called for or taken by the Board.

Reconvene in Open Session

The Board reconvened at 3:35 p.m. in open session and Mr. Hunt 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 3:35 p.m. During the Executive Session, the Board discussed matters regarding personnel compensation matters, but did not take any votes." Chancellor Yudof left the meeting at this time.

UTIMCO Peer Group

Mr. Hunt called for a report of the Compensation Committee. Mr. Ferguson, Chair of the Compensation Committee reported that the Compensation Committee met on February 16, 2005. Mr. Ferguson explained that the Peer Group is a peer group of endowment funds maintained by the Board's external investment consultant that is composed of all endowment funds with assets greater than \$1 billion at the beginning of each Performance Period (2002, 2003, and 2004) and is set forth as an appendix to the UTIMCO Compensation Program. (Harvard University, Yale University and Total Endowment Assets (PUF and GEF) are excluded from this peer group). Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the UTIMCO Peer Group - Appendix B of the UTIMCO Compensation Program, for the performance period ending June 30, 2005, as recommended by the Compensation Committee, is hereby approved in the form submitted to the Corporation's Board of Directors.

Eligible Employees to Participate in Compensation Plan

Mr. Ferguson further reported that the Compensation Committee recommends that the Board approve, as provided, the employees listed as Participants in the UTIMCO Compensation Plan. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Employees Eligible to Participate in the UTIMCO Compensation Program, as recommended by the Compensation Committee, are hereby approved in the form submitted to the Corporation's Board of Directors.

Performance Goals

The Compensation Program requires that the President and CEO's performance goals be determined and approved by the UTIMCO Board. The Compensation Committee recommends that the Board approve the President and CEO's individual performance goals as presented. The Directors discussed certain modifications to the goals. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the President and CEO's Individual Performance Goals, as recommended by the Compensation Committee, subject to modifications requested by the Board of Directors, are hereby approved.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 3:45 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Woody L. Hunt Date: 5/23/05
Woody L. Hunt
Chairman, Board of Directors of
The University of Texas Investment
Management Company