

***The University of Texas Investment
Management Company***



Presentation Materials

Board of Directors Meeting

September 22, 2006

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
September 22, 2006**

UTIMCO
401 Congress Avenue
Austin, Texas

Time		Item #	Agenda Item
Begin	End		
9:00 a.m.	9:05 a.m.	1	Open Session: Call to Order/Consideration of Minutes of July 13, July 25, and August 25, 2006 Meetings*
9:05 a.m.	9:45 a.m.	2	Executive Session: Pursuant to sections 552.071 and 552.074, Texas Government Code, the Board of Directors will convene in Executive Session, to consult with General Counsel and to deliberate individual personnel matters, including resignation of Chief Executive Officer, appointment of interim Chief Executive Officer, search for new Chief Executive Officer, report of Compensation Committee regarding individual personnel compensation and evaluation matters. Reconvene into Open Session Corporate Resolutions: - Consideration of resignation of Chief Executive Officer and approval of the terms, appointment of Interim President and Chief Executive Officer and Appointment of Advisory Search Committee* - Consideration of Compensation Committee Report including eligible positions for and participants in the UTIMCO Compensation Program for 2006/2007 Plan*; performance goals of Managing Director of Marketable Alternative Investments*; performance incentive opportunity for Managing Director of Marketable Alternative Investments for 2006/2007*; personnel salary adjustments and retention incentive bonuses*; and level of achievement for Chief Executive Officer's 2005/2006 individual performance goals*
9:45 a.m.	10:15 a.m.	3	Endowment and Operating Funds Report
10:15 a.m.	12:45 p.m.	4	Investment Area Presentations
12:45 p.m.	1:45 p.m.		Lunch
1:45 p.m.	1:55 p.m.	5	Consideration of Recommendation of Investment Consultant (Cambridge Associates)*
1:55 p.m.	2:05 p.m.	6	Consideration of Recommendation of Legal Counsel (Vinson & Elkins L.L.P.)*
2:05 p.m.	2:15 p.m.	7	Update on Risk Consultant Selection Process
2:15 p.m.	2:45 p.m.	8	Consideration of Adjustments to Corporation's Budget* , **
2:45 p.m.			Adjournment

* Action by resolution required

**Resolution requires further approval from the U. T. System Board of Regents

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Scheduled Meeting: November 9, 2006, in Houston

TAB 1

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the meetings of the Board of Directors held on July 13, 2006, July 25, 2006, and on August 25, 2006, be, and are hereby, approved.

**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 9:50 a.m. on the **13th day of July, 2006**, in the Board Room at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, 78701, said meeting having been called to order by the Chairman, H. Scott Caven, Jr., 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:

H. Scott Caven, Jr., Chairman
Woody L. Hunt, Vice Chairman
Mark G. Yudof, Vice Chairman for Policy
Clint D. Carlson
J. Philip Ferguson
Colleen McHugh
Robert B. Rowling
Charles W. Tate

thus, constituting a majority and quorum of the Board. Director Erle Nye was not present at the meeting. Also attending the meeting were Mr. Ardon Moore, a Director candidate to be considered for appointment at the afternoon UT System Board of Regents meeting; Bob Boldt, President of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Bill Edwards, Managing Director of Information Technology; Larry Goldsmith, Managing Director of Public Markets; Andrea Reed, Risk Manager; Trey Thompson, Managing Director – Non-Marketable Alternative Investments; various staff members of the Corporation; Jerry Turner and Dusty Burke, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Greg Anderson of the Texas A&M University System; Scott Kelley, Philip Aldridge, Amy Barrett, Charlie Chaffin, William Huang, Jim Phillips and Cathy Swain of UT System Administration; Bruce Myers and Hamilton Lee of Cambridge Associates; and Nanci Hibschan and Warren Kerper of Mercer Human Resource Consulting. Mr. Caven called the meeting to order at 9:50 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 May 25, 2006, and the minutes of the Board Retreat held May 30-31, 2006. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held on May 25, 2006, and the minutes of the Board Retreat held May 30-31, 2006, be, and are hereby, approved.

Committee Assignments

The second item to come before the Board was a resolution to designate committee assignments. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Erle Nye shall continue as the Chair of the Audit and Ethic Committee and shall preside at its meetings and that Colleen McHugh and Robert B. Rowling shall serve as members of the Audit and Ethics Committee, subject to approval by the Board of Regents at their meeting to be held on August 9-10, 2006, to serve until the expiration of their terms, or until their successors have been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Charles W. Tate shall continue as the Chair of the Risk Committee and shall preside at its meetings and that J. Phillip Ferguson and Clint D. Carlson shall serve as members of the Risk Committee to serve until the expiration of their terms, or until their successors have been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that J. Phillip Ferguson shall continue as the Chair of the Compensation Committee and shall preside at its meetings and that Charles W. Tate and Clint D. Carlson shall serve as members of the Compensation Committee to serve until the expiration of their terms, or until their successors have been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Robert B. Rowling shall continue as the Chair of the Policy Committee and shall preside at its meetings and that Colleen McHugh and Erle Nye shall serve as members of the Policy Committee to serve until the expiration of their terms, or until their successors have been chosen and qualified, or until their earlier death, resignation or removal.

Vice-Chairman Appointment

Mr. Caven recommended that the Board appoint Robert B. Rowling as Vice Chairman of the Board. Upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the following person is hereby appointed to the respective office of the Corporation set forth opposite his name, to serve until the next Annual Meeting of the Corporation or until his resignation or removal.

<u>Name</u>	<u>Office or Offices</u>
Robert B. Rowling	Vice-Chairman

Endowment and Operating Funds Update

Mr. Caven asked Mr. Boldt to present the Corporation's endowment and operating funds update. Mr. Boldt began by discussing portfolio policy ranges and policy targets, and then presented the Market Exposure chart showing market exposure and deviations from policy targets within tactical policy ranges. Mr. Boldt provided updated market exposure information as of July 5, 2006. He also handed out preliminary performance information for May 31, 2006. The net performance for the one-month period ended April 30, 2006, for the PUF was 2.36% and for the GEF was 2.33%, versus benchmark returns of 1.83% for each fund. The net performance for the one-year period ended April 30, 2006, for the PUF and GEF were 18.17% and 17.93%, respectively, versus benchmark returns of 18.39% for each fund. The Intermediate Term Fund's (ITF) performance was 1.38% versus its benchmark return of 0.99% for the one-month period, and was 2.13% versus its benchmark return of 2.00% for the three-month period ended April 30, 2006. Performance for the Short Term Fund (STF) was 0.39% versus 0.37% for its benchmark for the one-month period, and was 3.89% versus a benchmark return of 3.68% for the one-year period ended April 30, 2006. Mr. Boldt continued by reporting Cumulative Value Added under the Corporation's management for periods ended May 31, 2006. Also presented was information on performance attribution, liquidity, risk dashboard, the Comprehensive Derivative Report, and actions taken under the Delegation of Authority. Mr. Boldt indicated that at a future meeting, a presentation would be made explaining how performance attribution is calculated. Mr. Boldt, Mr. Goldsmith, Ms. Reed, and Mr. Myers answered the Directors' questions.

Executive Session

Mr. Caven, at 10:40 a.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 to consider the Compensation Committee report. This Executive Session meeting of the Board is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 10:40 a.m. and the date is July 13, 2006."

Reconvene in Open Session

The Board reconvened at 12:05 p.m., in open session and Mr. Caven 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 12:06 p.m. During the Executive Session, the Board discussed matters regarding personnel compensation matters, but did not take any votes."

Mr. Caven asked for a recommendation from the Compensation Committee. Compensation Committee Chairman Ferguson reported that the Compensation Committee recommended a base salary for the Corporation's President for the 2006-2007 Fiscal Year in the amount of \$525,000. Upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the Corporation's President's Base Salary submitted by the Compensation Committee for the Fiscal Year 2006-2007, in the amount of \$525,000, be, and is hereby, approved.

Compensation Program

Mr. Caven stated that the next item for discussion and action was proposed changes to the Compensation Program, most of which were needed to bring the Program into compliance with IRS regulations that have changed recently. Mr. Caven asked Ms. Burke of Vinson & Elkins to explain the changes. Ms. Burke summarized the changes made by the restatement and she answered questions posed by the members of the Board. Ms. Burke pointed out that further guidance under section 409A is anticipated to be issued by the IRS in September of this year, and it is possible (although not likely) that the forthcoming guidance may require additional modifications to the Compensation Program. Mr. Ferguson stated that the UTIMCO Compensation Committee had reviewed the proposed revisions to the UTIMCO Compensation Program at its June 13, 2006, meeting. The Compensation Committee made the recommendation to the UTIMCO Board to approve the proposed changes to the UTIMCO Compensation Program as set forth in the restated document. Upon motion duly made and seconded, the following resolution was adopted:

WHEREAS, Section 7.2 of the UTIMCO Compensation Program (the "Compensation Program") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Compensation Program or any portion thereof from time to time; and

WHEREAS, UTIMCO and the Board wish to amend the Compensation Program to (i) make changes required by section 409A of the Internal Revenue Code, (ii) incorporate the Intermediate Term Fund into the Compensation Program as a measure of performance, (iii) incorporate prior amendments into the document, and (iv) make certain other changes to the Compensation Program and to incorporate all such amendments into an amended and restated plan document in the form previously provided to the Board; and

WHEREAS, the Board has reviewed the proposed restatement of the Compensation Program;

NOW, THEREFORE, be it:

RESOLVED, that the Board approves and adopts the restatement of the UTIMCO Compensation Program, effective as of July 1, 2006, except as otherwise stated in the document.

The Eligible Positions, Weightings, and Incentive Award Opportunities resolution was deferred at this time, to be discussed at a later date at a special called meeting. Due to time restraints, the discussion of investment environment and opportunities was eliminated from the meeting agenda. At this time, Mr. Rowling and Chancellor Yudof left the meeting.

Permanent University Fund Distribution Amount

Mr. Caven asked Mr. Boldt to present the recommendation for the distribution amount for the Permanent University Fund ("PUF"). The recommendation is based on the PUF Investment Policy Statement which provides guidelines to calculate the distribution amount and provides the spending policy objectives of the PUF. The Corporation's Staff recommended that the UTIMCO Board approve the distribution from the PUF

to the Available University Fund in the amount of \$400,685,603 for fiscal year 2006-07. The proposed amount is an increase of 12.1% over the prior year distribution of \$357,337,255. Upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the annual distribution amount for the Permanent University Fund be increased from \$357,337,255 to \$400,685,603 for fiscal year 2007, effective with the September 1, 2006 distribution; and

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

Policy Committee Report

Mr. Caven asked Ms. McHugh to give a report from the Policy Committee Meeting that had been held that morning, prior to the Board meeting. Ms. McHugh reported that the Policy Committee had met, approved, and recommended that the Board adopt amendments to Exhibit A of the Investment Policy Statements related to the Permanent University Fund, General Endowment Fund and Intermediate Term Fund establishing a new benchmark for hedge funds. Mr. Caven continued by stating that due to the fact that the benchmark for hedge fund investments that was adopted by the Board last year had gone out of business, a new benchmark must be selected. Mr. Boldt reported that UTIMCO Staff had conducted a thorough review of alternative benchmark solutions for the portfolio and, with agreement from Board advisors Dr. Brown and Cambridge Associates, was recommending a new benchmark, MSCI Investable Hedge Fund Index, be used for the Hedge Fund asset class, which includes Directional and Absolute Return Hedge Funds, effective January 1, 2006 for the PUF and GEF, and February 1, 2006 for the ITF. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments to Exhibit A of the Investment Policy Statements of the Permanent University Fund (PUF), General Endowment Fund (GEF) and Intermediate Term Fund (ITF) establishing a new benchmark for Hedge Funds, effective January 1, 2006 for the PUF and GEF and February 1, 2006 for the ITF, all as presented be, and are hereby, approved, subject to approval by the U. T. System Board of Regents; and further

RESOLVED, that the Board recommends to the U.T. System Board of Regents that, following their approval of such amendments to the Investment Policy Statements, the investment performance reports for the PUF, GEF and ITF should be restated consistent with such amendments; and further

RESOLVED, that, upon approval of such amendments by the U.T. System Board of Regents, the Hedge Fund benchmark in the UTIMCO Compensation Program (Tables 3 and 4) shall be updated consistent with such amendments.

Recommended 2006-2007 Budget

Mr. Caven asked Mr. Boldt to move to the 2006-2007 Budget discussion. Mr. Boldt began with a background of the budget process and timeline. The budget includes all operating and investment expenses and an analysis of current and projected cash reserves. UTIMCO staff recommended a total operating budget of \$56,122,249 for the 2006-2007 fiscal year, a 15.6% increase over the prior year. One primary reason for the increase in the total budget is the costs associated with managing the new Intermediate Term Fund (ITF). The prior year budget only included a partial year of expenses for this new fund. The current year budget includes a full year of both operating and direct fund expenses for the ITF. The Board had been provided a complete analysis of all elements of the budget and the reasons for all changes, including an analysis of cash reserves. Mr. Boldt and Mr. Lee answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted, with the exception of the section of the Budget relating to the Eligible Positions, Weightings, and Incentive Award Opportunities that was deferred earlier in the meeting:

RESOLVED, that the Corporation's Operating Budget, Capital Budget, and Fee Request for the period September 1, 2006 through August 31, 2007 be, and is hereby approved, with the exception of the section of the Budget relating to the Eligible Positions, Weightings, and Incentive Award Opportunities, subject to approval by 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 12:30 p.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
H. Scott Caven, Jr.
Chairman, Board of Directors of
The University of Texas Investment
Management Company

MINUTES OF THE JOINT MEETING OF
THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS
AND
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY

July 13, 2006

Austin, Texas

Note: These minutes were approved by
The University of Texas System Board of Regents at their meeting held on August 10, 2006

THURSDAY, JULY 13, 2006.--The members of the Board of Regents of The University of Texas System convened at 1:40 p.m. on Thursday, July 13, 2006, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Huffines, presiding	Regent Craven
Vice Chairman Clements	
Vice Chairman Krier	
Regent Barnhill	
Regent Caven	
Regent Estrada	
Regent Haley	
Regent McHugh	
Regent Rowling	
Counsel and Secretary Frederick	

CONVENE JOINT MEETING: BOARD OF REGENTS AND UTIMCO BOARD OF DIRECTORS.--At 1:40 p.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Huffines and Regent Caven, Chairman of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), convened the second annual joint meeting of The University of Texas System Board of Regents and the UTIMCO Board of Directors.

Chairman Huffines welcomed the following members of the UTIMCO Board:

- Chairman H. Scott Caven, Jr.
- Vice-Chairman for Policy, Chancellor Mark G. Yudof
- Mr. Woody L. Hunt
- Mr. Clint D. Carlson
- Mr. J. Philip Ferguson
- Regent Colleen McHugh
- Regent Robert B. Rowling
- Mr. Charles W. Tate
- Advisory Director R. D. (Dan) Burck

Mr. Huffines said Mr. Erle Nye was not able to attend and he acknowledged Mr. Ardon E. Moore, President of Lee M. Bass, Inc., who was in attendance. (Mr. Moore was appointed a director of the UTIMCO Board on July 13.)

1. U. T. System Board of Regents: Presentation of Certificates of Appreciation to Mr. Woody L. Hunt and Mr. R. D. (Dan) Burck for service as members of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

Chairman Huffines and Regent Caven, Chairman of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), presented Mr. Woody L. Hunt, former Vice Chairman of The University of Texas System Board of Regents and former Chairman of the UTIMCO Board of Directors, and Mr. R. D. (Dan) Burck, former Chancellor of the U. T. System and Advisory Director on the UTIMCO Board, with certificates of appreciation for their service on the Board of Directors. Mr. Hunt served on the UTIMCO Board from 1999 through 2006, and Mr. Burck served as Advisory Director from 2002 through 2006.

2. U. T. System Board of Regents: Dr. Charles Ellis, guest speaker on best practices in institutional investment management

Dr. Charles Ellis, Successor Trustee of Yale University and Chair of Yale University's Investment Committee, spoke about best practices in institutional investment management. Dr. Ellis is an internationally known expert in the investment industry, with a balanced perspective on "best practices." He founded Greenwich Associates and is a member of the Board of Directors of Vanguard.

3. U. T. System Board of Regents: Report on U. T. System funds and update regarding centralization of operating funds

Executive Vice Chancellor Kelley discussed University of Texas System funds and centralization of operating funds using a PowerPoint presentation.

4. U. T. System Board of Regents: Report on Investment Oversight

Chairman Huffines made the following remarks on Investment oversight.

Remarks by Chairman Huffines

Today marks another milestone in the history of our formal investment oversight at The University of Texas System. This second annual joint meeting itself is the product of a staff recommendation approved by the Board of Regents two years ago.

The idea was, and remains, to convene an annual meeting of the two boards for the purpose of discussing issues of common interest and importance and to ensure that we are fully discharging our respective fiduciary responsibilities.

Today's agenda has been designed by our investment oversight staff to be educational -- with Dr. Ellis, to allow for discussion, and to minimize actual decision-making. A few of the items discussed today, including The University of Texas Investment Management Company (UTIMCO) budget, will be presented for approval at the August Board of Regents' meeting.

In addition to today's joint meeting, those involved in investment oversight have instituted, with Board of Regents' support, a number of other advancements over the past couple of years, including:

1. Updating and improving investment policies and the Investment Management Services Agreement between the Board of Regents and UTIMCO,
2. Helping define the Board of Regents' expectations for new UTIMCO directors and formalizing the process for selecting new UTIMCO directors,
3. Assisting with the creation of a UTIMCO Liquidity Committee that now functions as a full-fledged Risk Committee, with responsibility to oversee investment risk management and investment compliance,
4. Recommending that open session portions of UTIMCO Board meetings be recorded electronically to document actions taken and to assist in preparation of minutes,

5. Working with UTIMCO staff to assure that all UTIMCO policies, UTIMCO Board Minutes, and Committee Charters are accessible electronically through the UTIMCO website,
6. Reviewing the annual UTIMCO budget, and
7. Completing the definitive studies of investment management total cost effectiveness. You may recall for the new Regents and new Directors, that we did an exhaustive analysis of the actual cost of delivering our services last year.

I would point out that the need for investment oversight has never been greater than it is today. The investment world has grown increasingly complex in recent years. It has become more difficult to accurately define even basic asset classes, such as Domestic Equities that we discussed earlier. An asset class that we formerly thought of as common stocks traded on an exchange is now populated with private investment funds, Exchange Traded Funds, and derivative applications. Defining the Hedge Fund asset class is even more complex. The matter is now the subject of significant discussion and the classification issue will come back to the full Board of Regents for review and approval.

In short, the increasing complexity of our \$20 billion investment portfolio heightens the need for us to be industry leaders in policy compliance and risk management. That is the spirit in which the investment oversight function was created. In conclusion, that with the help of all of you, UTIMCO has become the leader in the country of transparency and disclosure and we are proud of that and look forward to continuing that.

Chairman Huffines then called on Chancellor Yudof for comments and Dr. Kelley introduced the following U. T. System Staff and Outside Counsel:

Director of Investment Oversight Cathy Swain
Associate Vice Chancellor Philip Aldridge
Chief Audit Executive and System-wide Compliance Officer Charlie Chaffin
Assistant Director of the Audit Office Amy Barrett
Vice Chancellor Barry Burgdorf
Counsel and Secretary Francie Frederick.

UTIMCO Board Chairman Caven introduced UTIMCO staff and Board advisors and made remarks essentially as follows:

Remarks by UTIMCO Board Chairman Caven

Thank you, Chairman Huffines. Oversight of the U. T. System funds at UTIMCO starts with the President and Chief Investment Officer, Bob Boldt, whom most of you know. I also want to recognize Joan Moeller because of her key role on behalf of the Board of Regents. Joan is Chief Financial Officer and Chief Compliance Officer for the corporation. She has been with the U. T. System since before UTIMCO was formed, and she has filled her current role since 2002.

[Note: Regent Caven also introduced Mr. Trey Thompson, Managing Director - Private Markets; Mr. Larry Goldsmith, Managing Director - Public Markets Investments; Ms. Andrea Reed, Risk Manager; and Mr. Bill Edwards, Managing Director - Information Technology.

We appreciate the work of UTIMCO's staff in the day-to-day management of our \$20 billion in endowment and operating assets. In particular, we want to recognize their achievement earlier this year of launching the new \$3 billion Intermediate Term Fund to diversify and actively manage centralized operating reserves.

In addition to the UTIMCO staff, the UTIMCO Board is served by several important independent advisors and consultants, each with specialized expertise.

Vinson & Elkins (V&E) has been UTIMCO's outside counsel since the company was formed in 1996. As Corporate Counsel, Jerry Turner works directly with the UTIMCO Board, Committees, and staff, and with the U. T. System Office of General Counsel. He also coordinates the work of the V&E team of legal experts in tax, securities, compensation, corporate, partnership, and specialties. The complexity and diversity of investments being undertaken by UTIMCO requires increasingly strong and broad based legal support.

Cambridge Associates has served UTIMCO as our primary investment consultant for at least a decade, and Bruce Myers has worked directly with the UTIMCO Board and staff as the lead consultant for the past nine years. Bruce and his colleagues provide performance data on peer institutions, due diligence reports on specific investment managers, particularly private capital, asset allocation counsel for the portfolios, and support on investment policies and best practices. Special projects have included the cost study last year to compare certain UTIMCO costs with peer endowments, and the value added

analysis that accompanied the total cost study completed by U. T. System Investment Oversight staff.

This is Keith Brown's second year serving as an advisor to the Chairman of UTIMCO. We rely on Keith's expertise with derivative investments particularly. As Professor of Finance and Director of the Hicks, Muse, Tate & Furst Center for Private Equity Finance at U. T. Austin, author of text books and many articles, Keith is a widely recognized expert in the world of high finance. Keith was recently elected into The University of Texas Academy of Distinguished Teachers, which is the highest teaching honor bestowed by U. T. Austin. He also advises the Trustees of the Texas Teachers Retirement System. Keith's input was especially important last year when we reviewed and revised the Derivative Investment Policy. We are pleased to have access to his services.

Both Bruce and Keith will report to you later this afternoon.

Finally, Ernst & Young (E&Y) has been the audit firm for the UTIMCO Corporation and System Funds for the past three years, and the UTIMCO Board is recommending to the Board of Regents that we renew their engagement for this fiscal year. I want to recognize Ricky Richter today as the partner in charge of the engagement since we first retained E&Y in 2003. The work of Ricky and his colleagues extends beyond the audits to Sarbanes-Oxley certification of adequacy of financial controls. Last year the corporation and PUF certifications were completed; this year the Permanent Health Fund, Long Term Fund, and General Endowment Fund will be added; and the new ITF will be added next year. E&Y also review relative performance data and calculations before performance incentive bonuses are finalized and approved by the UTIMCO Board. And Deloitte & Touche rely on E&Y audit work in their audit of the System-wide annual financial report.

We appreciate the work of each of these key advisors. They support UTIMCO Board members in fulfilling our fiduciary duty to oversee the complex requirements of the management of the assets controlled by the U. T. System Board of Regents.

5. U. T. System Board of Regents: Reports on UTIMCO Board operations and committees

Regent Caven, Chairman of The University of Texas Investment Management Company (UTIMCO) Board of Directors, introduced the following committees and Committee Chairmen for committee reports.

Audit and Ethics Committee -- Chairman Caven for Mr. Nye

Risk Committee (formerly Liquidity Committee) -- Mr. Tate

Policy Committee -- Regent Rowling

Compensation Committee -- Mr. Ferguson

6. U. T. System Board of Regents: Report on UTIMCO organization, corporate performance, budget preview, and investment outlook

- Staffing
- Funds under management (Internal, External)
- Corporate Performance and FY 2007 Budget Preview
- Investment Outlook: Global Economic and Capital Market Forecasts

Mr. Bob Boldt, President and Chief Executive Office of The University of Texas Investment Management Company (UTIMCO), presented a PowerPoint presentation on UTIMCO organization, corporate performance, budget preview, and investment outlook.

7. U. T. System Board of Regents: Reports on investment objectives and performance, using derivatives in portfolio management

- Spending Policy and Long Term Investment Objectives
- Investment Performance
- Asset Allocation
- Investment Management and Capital Markets Outlook
- Use of Derivatives

Mr. Bruce Myers, Cambridge Associates, presented a PowerPoint presentation on investment objectives and performance, and Dr. Keith Brown, Advisor to The University of Texas Investment Management Company (UTIMCO) Chairman, discussed using derivatives in portfolio management.

Chairman Huffines asked UTIMCO Board Chairman Caven that he arrange for a risk consultant to provide a report to the Board of Regents when the consultant is hired.

8. U. T. System Board of Regents: Report on legal and fiduciary issues
- Master Investment Management Services Agreement
 - UTIMCO Director Expectations

Vice Chancellor Burgdorf provided an overview of legal and fiduciary issues and Executive Vice Chancellor Kelley discussed the Master Investment Management Services Agreement and the Expectations for Appointees to The University of Texas Investment Management Company (UTIMCO) Board of Directors included in the Agenda materials.

ADJOURN JOINT MEETING AND CONVENE BOARD OF REGENTS' MEETING.--
Prior to adjourning the joint meeting, former Vice Chairman Hunt [former Chairman of The University of Texas Investment Management Company (UTIMCO) Board] remarked that the oversight function needs to continue to evolve to the next level and he recommended an amendment to the legislation to allow the appointment of additional outside directors to have additional independent expertise. Chairman Huffines again thanked Director Hunt for his excellent service on the UTIMCO Board.

At 4:30 p.m., the joint meeting of The University of Texas System Board of Regents and (UTIMCO) Board of Directors was adjourned. Chairman Huffines thanked members of both Boards for their interest and input. He then announced the U. T. System Board of Regents would reconvene in Open Session to consider the following Agenda Items.

**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 11:04 a.m. on the **25th day of July, 2006**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, 78701, said meeting having been called to order by the Chairman, H. Scott Caven, Jr., 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:

H. Scott Caven, Jr., Chairman
Mark G. Yudof, Vice Chairman for Policy
Clint D. Carlson
J. Philip Ferguson
Colleen McHugh
Ardon E. Moore
Erle Nye

thus, constituting a majority and quorum of the Board. Vice Chairman Robert B. Rowling and Director Charles W. Tate were not present at the meeting. Also attending the meeting were Bob Boldt, President of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Bill Edwards, Managing Director of Information Technology; Trey Thompson, Managing Director – Non-Marketable Alternative Investments; and Jerry Turner, legal counsel for the Corporation. Mr. Caven called the meeting to order at 11:04 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Continuation of the Report of the Compensation Committee

Mr. Caven stated that this meeting was to continue the report of the Compensation Committee, specifically to discuss and consider Eligible Positions, Weightings, and Incentive Award Opportunities for UTIMCO Compensation Program Participants for the 2006-2007 performance period. The topic was originally discussed at the Board of Directors Meeting that was held on July 13, 2006, but further discussion by the Board was taken.

Executive Session

Mr. Caven, at 11:05 a.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 to consider the Compensation Committee report. This Executive Session meeting of the Board is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 11:05 a.m. and the date is July 25, 2006."

Reconvene in Open Session

The Board reconvened at 11:30 a.m., in open session and Mr. Caven 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 11:30 a.m. During the Executive Session, the Board discussed matters regarding the Compensation Committee report, but did not take any votes."

Mr. Caven presented a resolution recommending approval of the Eligible Positions, Weightings, and Incentive Award Opportunities for Participants in the UTIMCO Compensation Program for the 2006-2007 performance period. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the UTIMCO Board hereby approves the Eligible Positions, Weightings, and Incentive Award Opportunities for Participants in the UTIMCO Compensation Program (the "Plan") for the 2006-2007 performance period, as presented, and that the Eligible Positions, Weights, and Incentive Award Opportunities be approved for inclusion in Appendix C of the Plan; and further

RESOLVED, that, upon approval of such Incentive Award Opportunities, the 2006-2007 UTIMCO annual budget shall be updated, if necessary, to reflect changes in the presented Incentive Award Opportunities.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 11:32 a.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
H. Scott Caven, Jr.
Chairman, Board of Directors of
The University of Texas Investment
Management Company

**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 10:02 a.m. on the **25th day of August, 2006**, at the Executive Board Room of the Grand Hyatt DFW, 2337 South International Parkway, Dallas, Texas, said meeting having been called to order by the Chairman, H. Scott Caven, Jr., 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:

H. Scott Caven, Jr., Chairman
Robert B. Rowling, Vice Chairman
Mark G. Yudof, Vice Chairman for Policy
Clint D. Carlson
J. Philip Ferguson
Ardon E. Moore
Erle Nye
Charles W. Tate

thus, constituting a majority and quorum of the Board. Director Colleen McHugh, who joined the meeting during executive session, and Director Erle Nye participated by means of conference telephone enabling all persons participating in the meeting to hear each other. Also attending the meeting was Jerry Turner, legal counsel for the Corporation. Mr. Caven called the meeting to order at 10:02 a.m.

Executive Session

Mr. Caven, at 10:05 a.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 to consult with attorney on legal matters and deliberation regarding individual personnel matters related to the appointment, terms of appointment, employment, evaluation, compensation, assignment, and duties of UTIMCO employees and officers reporting directly to the Board and individual personnel aspects of the operating budget for the year ending August 31, 2007.

This Executive Session meeting of the Committee is authorized by **Texas Government Code** Section 551.071 (Consultation with Attorney on Legal Matters) and Section 551.074 (Personnel Matters).

The time is now 10:05 a.m. and the date is August 25, 2006."

Reconvene in Open Session

The Board reconvened at 1:40 p.m., in open session and Mr. Caven 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 1:40 p.m. During the Executive Session, the Board consulted with attorney on legal matters and discussed individual personnel matters related to the appointment, terms of appointment, employment, evaluation, compensation, assignment, and duties of UTIMCO employees and officers reporting directly to the Board and individual personnel aspects of the operating budget for the year ending August 31, 2007, but did not take any votes."

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 1:42 p.m.

Acting Secretary: _____
Jerry Turner, Vinson & Elkins

Approved: _____ Date: _____
H. Scott Caven, Jr.
Chairman, Board of Directors of
The University of Texas Investment
Management Company

TAB 2

Agenda Item
UTIMCO Board Meeting
September 22, 2006

Agenda Item: Corporate Resolutions related to resignation of President and CEO, appointment of Interim President and CEO and appointment of Advisory Search Committee

Developed By: Moeller

Presented By: Caven

Type of Item: Action required by UTIMCO Board

Description: This agenda item seeks ratification and approval of Bob Boldt's resignation as president and CEO on the terms recommended by Chairman Caven, confirmation of Cathy Iberg as Interim President and CEO and appointment of a UTIMCO Board Advisory Search Committee.

Recommendation: Chairman Caven will recommend ratification and approval of Bob Boldt's resignation as President and CEO, confirmation of Cathy Iberg as Interim President and CEO and appointment of a UTIMCO Board Advisory Search Committee.

Discussion: Effective September 1, 2006, Bob Boldt resigned as President and CEO of the Corporation. With the resignation of Bob Boldt, an interim successor to the President and CEO position is required. UT System Board of Regents Chairman Huffines, UTIMCO Board Chairman Caven, and UTIMCO Board Vice Chairman for Policy Yudof have recommended offering the interim position to Cathy Iberg, currently Managing Director of Marketable Alternative Investments and Deputy CIO, effective as of September 1, 2006. This item requests that the UTIMCO Board ratify and approve Bob Boldt's resignation as president and CEO on the terms recommended by Chairman Caven and to confirm the appointment of Cathy Iberg as Interim President and CEO.

Per the UTIMCO Bylaws, the President shall be the Chief Executive Officer of the Corporation. Subject to the control of the Board of Directors, the President shall have general executive charge, management, and control of the properties, business, and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness, and other obligations in the name of the Corporation subject to the approval of the Board of Directors and the Executive Committee, if any; and shall have such other powers and duties as may be designated in the Bylaws and as may be assigned to such officer from time to time by the Board of Directors pursuant to a duly approved Delegation of Authority Policy.

Chairman Caven will also nominate a UTIMCO Board Advisory Search Committee to identify one or more candidates for consideration by the Board of Directors for selection as a new President and CEO; provided that the Advisory Search

Agenda Item
UTIMCO Board Meeting
September 22, 2006

Committee will act in an advisory capacity only and shall not be authorized to establish or recommend compensation for such officer. Chairman Caven will also nominate a Chairman of the Committee. According to the UTIMCO Bylaws, the Board of Directors may from time to time designate members of the Board of Directors to constitute committees that shall have and may exercise such powers as a majority of the Board of Directors may determine in the resolution that creates the committee.

Reference: UTIMCO Bylaws

**RESOLUTIONS RELATED TO RESIGNATION OF PRESIDENT AND CEO,
APPOINTMENT OF INTERIM
PRESIDENT AND CEO AND APPOINTMENT OF ADVISORY SEARCH
COMMITTEE**

RESOLVED, that the resignation, as of September 1, 2006, of Bob Boldt as the President, Chief Executive Officer and Chief Investment Officer of the Corporation on the terms recommended by the Chairman of the Board of Directors, be, and is hereby, ratified and approved; and be it further

RESOLVED, that the appointment as of September 1, 2006 of Cathy Iberg as the Interim President, Chief Executive Officer and Chief Investment Officer of the Corporation be, and is hereby, approved; and be it further

RESOLVED, that the appointment of a President and Chief Executive Officer Advisory Search Committee ("Search Committee"), composed of the following individuals

_____, Chairman

be, and is hereby, approved; and be it further

RESOLVED, that the Search Committee shall function in an advisory role to compile a list of one or more candidates considered qualified and suitable for consideration by the Board of Directors for appointment to the position of President, Chief Executive Officer and Chief Investment Officer of the Corporation; provided that the Search Committee shall have no authority or responsibility to establish or recommend compensation for such officer; and be it further

RESOLVED, that the Search Committee may also, at its discretion, recommend to the Board of Directors engagement of an executive search firm to assist it in the performance of its functions hereunder.

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

- Agenda Item:** Report from Compensation Committee
- Developed By:** Iberg, Moeller
- Presented By:** Ferguson
- Type of Item:** Action Item; Action Required by UTIMCO Board
- Description:** The Compensation Committee ("Committee") will meet on September 15, 2006 and September 21, 2006, and report on the following items:
1. the Committee will review and designate the eligible positions and the participants filling the eligible positions and recommend to the UTIMCO Board the proposed participants for the 2006/2007 UTIMCO Compensation Program ("Plan");
 2. the Committee will review and approve the performance goals for each 2006/2007 participant. The Committee will review and recommend to the UTIMCO Board the Managing Director of Marketable Alternative Investments 2006/2007 goals since she is serving as interim president and CEO;
 3. the Committee will consider the performance incentive opportunity for 2006/2007 related to the Managing Director of Marketable Alternative Investments;
 4. the Committee will consider personnel salary adjustments and retention incentive bonuses;
 5. the Committee will determine the level of achievement of the former president and CEO's 2005/2006 individual performance goals; and
 6. the Committee will consider and approve the Ernst & Young engagement letter covering agreed upon procedures related to the 2006 performance incentive awards under the UTIMCO Compensation Program.
- Recommendation:** The Compensation Committee will recommend appropriate action related to designation of eligible positions and participants; performance goals and performance incentive opportunity for 2006/2007 for Managing Director of Marketable Alternative Investments; personnel salary adjustments and retention incentive bonuses; and level of achievement of the former president's 2005/2006 individual performance goals.
- Discussion:** Section 5.3 (a) of the Plan requires that the UTIMCO Board confirm the Eligible Positions and designate the eligible employees who will become participants for the performance period within the first 90 days of the performance period. The eligible positions and proposed participants of the Plan are included in Exhibit 1 behind Resolution #1 in this section.

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Section 5.4 of the Plan requires that the President and CEO's performance goals be determined and approved by the UTIMCO Board. There are three types of performance goals:

- (1) Entity Performance (i.e., performance of the Total Endowment Assets and Intermediate Term Fund)
- (2) Asset Class Performance (e.g., US public equity, international equity, private capital, fixed income, etc.)
- (3) Individual Performance

Since the President and CEO is currently an interim position being held by Cathy Iberg and Cathy is also the Managing Director of Marketable Alternative Assets, it is recommended that Cathy retain the weightings of the Managing Director of Marketable Alternative Assets. The weightings are 40% entity, 40% asset class, and 20% individual. The President and CEO weightings are 70% entity and 30% individual. In addition, it is recommended that opportunity threshold remain at 190% for Cathy Iberg. The President and CEO opportunity threshold is 200%. Appendix C is attached behind Resolution #3 as Exhibit 3 and identifies eligible positions, weights, and incentive award opportunities for each eligible position.

The Compensation Committee will review the Managing Director of Marketable Alternative Assets individual performance goals at its September 15, 2006 meeting. The goals will be reviewed and approved by the UTIMCO Board. The entity and asset class performance goals are included in the Plan in Exhibit D. Appendix D is included as Exhibit 2 behind Resolution #2 in this section.

The Committee will also review and recommend the salary adjustments and retention incentive bonuses. The resolution related to this item will be distributed at the meeting. The salary adjustments for certain individuals will be discussed in executive session.

The participants in the Retention Incentive Bonus Plan are:

- Cathy Iberg, Managing Director of Marketable Alternative Investments
- Andrea Reed, Risk Manager
- Bill Edwards, Managing Director of Information Technology
- Larry Goldsmith, Managing Director of Public Markets
- Trey Thompson, Managing Director of Private Markets
- Joan Moeller, Managing Director of Accounting, Finance and Administration

The Retention Incentive Plan is outlined in Exhibit 5. The UTIMCO Board will authorize and direct the Chairman of the Board to execute the agreements in accordance with the attached Retention Incentive Plan.

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

The Committee will also review and recommend the level of achievement of the President and CEO 2005/2006 individual performance goal. The entity level portion of the performance goals are not available and will not be discussed.

The Compensation Committee will have also considered the individual goals of all the other Plan participants at their September 15, 2006 meeting and the Ernst & Young engagement letter.

Reference: UTIMCO Compensation Program; Designation of Eligible Positions and Plan Participants (Exhibit 1); Appendix D (Exhibit 2); Appendix C (Exhibit 3); Retention Incentive Plan (Exhibit 5)

**BOARD RESOLUTION RELATED TO
2006/2007 ELIGIBLE POSITIONS FOR AND PARTICIPANTS IN
PERFORMANCE INCENTIVE PLAN**

WHEREAS, Section 5.3(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a "Participant" in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "Board") as an "Eligible Position" for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board has recommended the "Eligible Positions" and individuals who may become Participants for the 2006/2007 Performance Period set forth on Exhibit 1 attached hereto; and

WHEREAS, the Board has reviewed Exhibit 1 and wishes to designate the "Eligible Positions" and select the individuals who may become Participants for the 2006/2007 Performance Period;

NOW, THEREFORE, be it:

RESOLVED, that the Eligible Positions and the individuals set forth on Exhibit 1 attached hereto are hereby designated as "Eligible Positions" for and "Participants" in the Plan for the 2006/2007 Performance Period, effective as of July 1, 2006, except as any other date is specified for any such Eligible Position or Participant on such Exhibit 1.

**Exhibit 1
Designation of Eligible Positions and Plan Participants
in the 2006/2007 Performance Period**

ELIGIBLE POSITION	PARTICIPANTS
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Investment Professionals

President and CEO	unfilled
MD, Marketable Alternative Investments and Deputy CIO	Cathy Iberg
Risk Manager	Andrea Reed
MD, Public Markets Invest.	Larry Goldsmith
MD, Private Markets (formerly Non-Marketable Alt Inv)	Trey Thompson
Sr. Portfolio Mgr., Fixed Income Invest.	Russ Kampfe
Portfolio Manager, Fixed Income Invest.	Harland Doak
Director, Public Markets	Tushar Shah
Director, Private Markets (formerly Non-Marketable Alt Inv)	Lindel Eakman
Director, Risk Management	Uzi Yoeli
Associate, Public Markets	Laura Patrick
Associate, Marketable Alternative	Glenn Stotts
Associate, Marketable Alternative	Ryan Ruebsahm
Associate, Private Markets (formerly Non-Marketable Alt Inv)	Mark Shoberg
Associate, Private Markets (formerly Non-Marketable Alt Inv)	Zac McCarroll*
Associate, Risk Management	Kathleen Wagner
Analyst, Public Markets	Russell Mollen
Analyst, Marketable Alternative	Eric Dooley
Analyst, Private Markets (formerly Non-Marketable Alt Inv)	Scott Bigham

Operations/Support Professionals

MD, Accounting, Finance & Admin.	Joan Moeller
MD, Information Technology	Bill Edwards
Manager, Finance & Administration	Melynda Carter**
Manager, Investment Reporting	Gary Hill
Manager, Portfolio Accounting & Ops.	Debbie Childers

Participants are eligible as of July 1, 2006 unless otherwise notated

*eligible August 15, 2006

**eligible October 10, 2006

**BOARD RESOLUTIONS RELATED TO
PERFORMANCE GOALS OF MD, MARKETABLE ALTERNATIVES**

WHEREAS, Section 5.4(c) of the UTIMCO Compensation Program (the "Plan") provides that the Board of Directors of UTIMCO (the "Board") will determine the "Performance Goals" of the President/CEO for each Performance Period; and

WHEREAS, as of September 1, 2006, the President and CEO of UTIMCO terminated employment with UTIMCO, and currently there is no person holding the position of President/CEO, and the Managing Director, Marketable Alternatives Investments, Deputy Chief Investment Officer ("MD, Marketable Alternatives") has agreed to undertake to fulfill certain of the responsibilities of the President/CEO position in addition to her responsibilities as MD, Marketable Alternatives until the President/CEO position is filled and for a three-month transition period thereafter; and

WHEREAS, the Performance Goals for the MD, Marketable Alternatives have been modified to take into account those additional responsibilities; and

WHEREAS, the Compensation Committee of the Board (the "Committee") has determined that, because of the increased responsibilities of the MD, Marketable Alternatives that would otherwise be responsibilities of the President/CEO, the Board rather than the Committee should approve the 2006/2007 Performance Goals for the MD, Marketable Alternatives; and

WHEREAS, the Committee has reviewed the proposed Performance Goals for the MD, Marketable Alternatives for the 2006/2007 Performance Period and has recommended that the Board approve the same;

NOW, THEREFORE, be it:

RESOLVED, that the Performance Goals for the MD, Marketable Alternatives for the 2006/2007 Performance Period as set forth on Exhibit 2 attached hereto (for her Entity and Asset Class Performance Goals) and the individual Performance Goals document as presented to the Committee (for her Individual Performance Goal) are hereby approved, effective as of July 1, 2006.

Exhibit 2

APPENDIX D

Asset Class	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	ITF	Threshold	Target	Maximum
		Assets	(% of Portfolio)	(% of Portfolio)		
Entity: Peer Group (Total Endowment Funds)	Peer group (Endowments w/>\$1 B assets)	n/a	n/a	40th %ile	60th %ile	75th %ile
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+32.5 bps	+65 bps
US Public Equity	Russell 3000 Index	20%	15%	+0 bps	+31 bps	+62 bps
Non-US Developed Equity	MSCI EAFE Index with net dividends	10%	5%	+0 bps	+37.5 bps	+75 bps
Emerging Markets Equity	MSCI Emerging Markets Index with net dividends	7%	5%	+0 bps	+75 bps	+150 bps
Directional Hedge Funds	MSCI Investable Hedge Fund Index	10%	12.5%	+0 bps	+65 bps	+130 bps
Absolute Return Hedge Funds	MSCI Investable Hedge Fund Index	15%	12.5%	+0 bps	+50 bps	+100 bps
Private Equity	Custom Benchmark Created from Venture Economics Database	11%	0%	+0 bps	+103.5 bps	+207 bps
Venture Capital	Custom Benchmark Created from Venture Economics Database	4%	0%	+0 bps	+103.5 bps	+207 bps
REITS	Dow Jones Wilshire Real Estate Securities Index	5%	10%	+0 bps	+37.5 bps	+75 bps
Commodities	Combination index: 66.7% Goldman Sachs Commodity Index minus .5% plus 33.3% DJ-AIG Commodity Index	3%	5%	+0 bps	+17.5 bps	+35 bps
TIPS	Lehman Brothers US TIPS Index	5%	10%	+0 bps	+2.5 bps	+5 bps
Fixed Income	Lehman Brothers Aggregate Bond Index	10%	25%	+0 bps	+12.5 bps	+25 bps
Cash	90 day t-bills	0%	0%	+0 bps	+0 bps	+0 bps

**BOARD RESOLUTIONS RELATED TO
2006/2007 PERFORMANCE INCENTIVE AWARD OPPORTUNITY FOR
MD, MARKETABLE ALTERNATIVES**

WHEREAS, Section 5.4(d) of the UTIMCO Compensation Program (the "Plan") provides that the Compensation Committee (the "Committee") of the Board of Directors of UTIMCO (the "Board") will approve the weightings of the Performance Goals for each Eligible Position for each Performance Period, subject to approval by the Board; and

WHEREAS, Section 5.5(a) of the Plan provides that the Committee will determine the "Incentive Award Opportunity," including a threshold, target, and maximum award, for each Performance Goal for each Participant for each Performance Period, subject to approval by the Board; and

WHEREAS, the weightings and the Incentive Award Opportunities for the 2006/2007 Performance Period have previously been determined by the Committee and approved by the Board; and

WHEREAS, as of September 1, 2006, the President and CEO of UTIMCO terminated employment with UTIMCO and currently there is no person holding the position of President/CEO, and the Managing Director, Marketable Alternatives Investments, Deputy Chief Investment Officer ("MD, Marketable Alternatives") has agreed to undertake to fulfill certain of the responsibilities of the President/CEO position in addition to her responsibilities as MD, Marketable Alternatives until the President/CEO position is filled and for a three-month transition period thereafter; and

WHEREAS, the Committee has recommended that, notwithstanding the alteration of duties of the MD, Marketable Alternatives pending selection of a new President and CEO and for a three-month transition period thereafter, the 2006/2007 "Performance Incentive Award" of the MD, Marketable Alternatives shall be determined under the previously approved terms of the Plan for the Eligible Position of the MD, Marketable Alternatives and not for the Eligible Position of President and CEO;

NOW, THEREFORE, be it:

RESOLVED, that, notwithstanding the alteration of duties of the MD, Marketable Alternatives pending selection of a new President and CEO and for a three-month transition period thereafter, the Board hereby approves and confirms that the previously approved weightings for the Performance Goals of the MD, Marketable Alternatives (40% Entity

BD RESOLUTION #3

Performance, 40% Asset Class Performance, and 20% Individual Performance) and previously approved percentages of base salary for determining the 2006/2007 Incentive Award Opportunities (and the 2006/2007 Performance Incentive Award) for the MD, Marketable Alternatives (18% for Threshold level achievement, 90% for Target level achievement, and 190% for Maximum level achievement) shall remain the same, as indicated on Exhibit 3 attached hereto; and

RESOLVED, that, the Board hereby determines that, in accordance with the terms of the Plan, for purposes of determining the 2006/2007 Performance Incentive Award for the MD, Marketable Alternatives, the base salary of the MD, Marketable Alternatives shall include the actual base salary she earned during the 2006/2007 Performance Period, including any increased base salary earned in connection with her agreement to undertake to fulfill certain of the responsibilities of the President/CEO position, notwithstanding that the initial projected Award Incentive Opportunities for the MD, Marketable Alternatives may have been based only on her base salary as MD, Marketable Alternatives unadjusted for any such increased responsibilities.

Exhibit 3

Appendix C
 Eligible Positions, Weights, and Incentive Award Opportunities for each Eligible Positions
 (for the performance Periods Beginning After June 30, 2006)

Eligible Position	Weighting			Incentive Award Opportunity (% of Salary)		
	Entity	Class	Individual	< Threshold	Threshold	Maximum
<i>Investment Professionals</i>						
President, CEO & CIO	70%	0%	30%	0%	20%	100%
Deputy CIO & MD of Marketable Alt. Invest.	40%	40%	20%	0%	18%	90%
Risk Manager	70%	0%	30%	0%	18%	90%
MD, Public Markets Invest.	20%	60%	20%	0%	18%	90%
MD, Inflation Hedging Assets	20%	60%	20%	0%	18%	90%
MD, Non-Marketable Alt Inv	30%	50%	20%	0%	18%	90%
St. Portfolio Mgr., Fixed Income Invest.	20%	60%	20%	0%	10%	50%
Portfolio Manager, Fixed Income Invest.	20%	60%	20%	0%	10%	50%
Director, Public Markets	20%	60%	20%	0%	8%	40%
Director, Marketable Alternative	20%	60%	20%	0%	8%	40%
Director, Inflation Hedging Assets	20%	60%	20%	0%	8%	40%
Director, Non-Marketable Alternative	20%	60%	20%	0%	8%	40%
Director, Risk Management	70%	0%	30%	0%	8%	40%
Associate, Public Markets	20%	60%	20%	0%	6%	30%
Associate, Marketable Alternative	20%	60%	20%	0%	6%	30%
Associate, Inflation Hedging Assets	20%	60%	20%	0%	6%	30%
Associate, Non-Marketable Alternative	20%	60%	20%	0%	6%	30%
Associate, Risk Management	70%	0%	30%	0%	6%	30%
Analyst, Public Markets	20%	60%	20%	0%	6%	30%
Analyst, Marketable Alternative	20%	60%	20%	0%	6%	30%
Analyst, Inflation Hedging Assets	20%	60%	20%	0%	6%	30%
Analyst, Non-Marketable Alternative	20%	60%	20%	0%	6%	30%
Analyst, Risk Management	70%	0%	30%	0%	6%	30%
<i>Operations/Support Professionals</i>						
MD, Accounting, Finance & Admin.	20%	0%	80%	0%	10%	50%
MD, Information Technology	20%	0%	80%	0%	10%	50%
Manager, Finance & Administration	20%	0%	80%	0%	8%	40%
Manager, Investment Reporting	20%	0%	80%	0%	8%	40%
Manager, Portfolio Accounting & Ops.	20%	0%	80%	0%	8%	40%
Manager, Client Services	20%	0%	80%	0%	8%	40%

**BOARD RESOLUTIONS RELATED TO
TRANSITION COMPENSATION ADJUSTMENTS AND
RETENTION INCENTIVE PLAN**

WHEREAS, effective as of September 1, 2006, the President and CEO terminated employment with UTIMCO, and currently there is no person holding the position of President and CEO; and

WHEREAS, the Managing Director, Marketable Alternatives Investments, Deputy Chief Investment Officer ("MD, Marketable Alternatives") has agreed to undertake to act as Interim President and CEO and to fulfill certain of the responsibilities of the President/CEO position in addition to her responsibilities as MD, Marketable Alternatives until the President and CEO position is filled and for a three-month transition period thereafter, and the duties of certain other employees of UTIMCO have been, or are expected to be, increased on account of the absence of a President and CEO; and

WHEREAS, in connection with the departure of the President and CEO and necessary reallocation of duties during the interim period during which a replacement is sought and for a three-month transition period thereafter, the Compensation Committee (the "Committee") of the Board of Directors of UTIMCO (the "Board") has recommended that the Board temporarily adjust the base salary of the MD, Marketable Alternatives, provide transition bonuses to certain UTIMCO employees, and establish a retention incentive plan for certain UTIMCO employees;

NOW, THEREFORE, be it:

RESOLVED, that the base salary of the MD, Marketable Alternatives is hereby adjusted as scheduled and set forth on Exhibit 4 attached hereto, effective as of September 1, 2006, assuming and contingent on her continued employment with UTIMCO; and

RESOLVED, that a transition bonus is hereby provided to the Managing Director, Public Markets as scheduled and set forth on Exhibit 4 attached hereto, effective as of September 1, 2006, assuming and contingent on his continued employment with UTIMCO; and

RESOLVED, that a transition bonus is hereby provided to the Managing Director, Private Capital as scheduled and set forth on Exhibit 4 attached hereto, effective as of September 1, 2006, assuming and contingent on his continued employment with UTIMCO; and

RESOLVED, that the "UTIMCO Retention Incentive Plan," as the material terms are summarized on Exhibit 5 attached hereto, is hereby approved and adopted, effective as of

BD RESOLUTION #4

September 1, 2006, and the participants in such Retention Incentive Plan shall be Cathy Iberg, Larry Goldsmith, Trey Thompson, Joan Moeller, Bill Edwards, and Andrea Reed; and

RESOLVED, that it is hereby expressly provided that, (1) because the additional salary provided to the MD, Marketable Alternatives is an increase in her "base salary," there will be a concomitant increase in any Performance Incentive Award under the Performance Incentive Plan (the "Plan") to which the MD, Marketable Alternatives may be entitled under the terms of the Plan, which, if awarded, is based on a percentage of a participant's base salary, and such additional salary will be included in base salary for purposes of the MD, Marketable Alternatives' retention bonus under the Retention Incentive Plan, and (2) because the transition bonuses provided to the Managing Director, Public Markets and to the Managing Director, Private Capital and the retention bonuses provided to the specified employees under the Retention Plan are not payments of base salary, any Performance Incentive Awards under the Plan to which those employees may be entitled under the terms of the Plan will not be increased by reason of any such bonus, and any such bonus will not be considered as base salary of those employees for purposes of the Retention Incentive Plan or any other UTIMCO employee benefit plan, program, or arrangement except as may otherwise be expressly provided in such plan, program, or arrangement; and

RESOLVED, that the Chairman of the Board shall be and hereby is authorized and directed to (1) do and perform all such acts and things, (2) prepare and execute the UTIMCO Retention Incentive Plan and any other relevant documents and instruments, (3) make any changes to the Retention Incentive Plan to the extent such changes do not materially alter the terms of the Retention Incentive Plan as summarized on Exhibit 5 attached hereto, and (4) take any and all other steps as he may deem necessary, advisable, convenient, or proper to effectuate the same, to accomplish the purposes of the foregoing resolutions, and/or to comply with all applicable provisions of all related documents and all applicable law, and any and all such actions heretofore or thereafter taken shall be, and they hereby are, ratified and approved.

EXHIBIT 4
TRANSITION COMPENSATION ADJUSTMENTS

**Adjusted Base Salary (Contingent on Continued Employment with UTIMCO) For:
Managing Director, Marketable Alternatives Investments, Deputy Chief Investment
Officer**

Period of Base Salary	Base Salary
9/1/06 through end of month during which a new President and CEO commences employment with UTIMCO (or an existing employee of UTIMCO assumes the position of President and CEO)	\$43,750 per month (\$525,000 annualized)
For three full months beginning with the month immediately following the month during which a new President and CEO commences employment with UTIMCO (or an existing employee of UTIMCO assumes the position of President and CEO)	\$43,750 per month (\$525,000 annualized)
Beginning with the fourth month immediately following the month during which a new President and CEO commences employment with UTIMCO (or an existing employee of UTIMCO assumes the position of President and CEO)	\$25,000 per month (\$300,000 annualized) (or, if after 8/31/07, any increased amount determined by the Compensation Committee)

**Transition Bonus (Contingent on Continued Employment with UTIMCO) For:
Managing Director, Public Markets and Managing Director, Private Capital**

Months of Transition Bonus	Transition Bonus
For each month beginning with September 2006 and ending with the third month following the month during which a new President and CEO commences employment with UTIMCO (or an existing employee of UTIMCO assumes the position of President and CEO)	\$10,000 per month

EXHIBIT 5 RETENTION INCENTIVE PLAN

PARTICIPANTS

Cathy Iberg
Larry Goldsmith
Trey Thompson
Andrea Reed
Joan Moeller
Bill Edwards

RETENTION BONUS

For Iberg: Lump sum payment of 25% of total base salary (exclusive of Performance Incentive Plan awards and all other special or incentive compensation) paid to her for services performed during the "Retention Period" (9/1/06 through 8/31/07), less applicable withholdings

For Goldsmith, Thompson, Reed, Moeller, and Edwards: Lump sum payment of 25% of annualized base salary (exclusive of Performance Incentive Plan awards, transition bonuses, any other bonus, and all other special or incentive compensation) in effect on 9/1/06, less applicable withholdings

DATE PAID

As soon as administratively practicable after September 1, 2007

CONDITIONS

- Continuous employment with UTIMCO from 9/1/06 through 9/1/07
- Must not have accepted other employment prior to 9/1/07
- Must not have actively sought other employment prior to 9/1/07

INVOLUNTARY TERMINATION OF EMPLOYMENT WITHOUT CAUSE

- Prorated Retention Bonus for each full month of employment during Retention Period
- Prorated Retention Bonus amount offset by any severance amount received under employment agreement or other UTIMCO severance plan, policy, or arrangement
- Conditions: Execution of Release; must not have accepted or actively sought employment prior to termination date; must not be termination for "cause" (as defined below)
- "Cause" means a determination by the Board in its sole discretion that a participant has (i) violated any securities law or any other law, rule, or regulation; (ii) engaged in substandard performance of his UTIMCO employment position; or (iii) engaged in willful misconduct that reflects negatively on the public image of UTIMCO or The University of Texas System.

**DEATH, TERMINATION FOR DISABILITY, TERMINATION FOR CAUSE, OR
VOLUNTARY TERMINATION**

No Retention Bonus paid (neither full nor prorated) regardless of date of event

Bob L. Boldt

Performance versus Qualitative Goals for Fiscal Year 2005-2006

- Increase knowledge and confidence of UTIMCO Board members and Regents in UTIMCO staff capabilities and decision making through personal contact and effective communication. Establish strong working relationship with new UTIMCO Board Chairman.

Accomplished. I believe we have done an effective job of communicating details regarding all our investment decisions, provided continuing updates on performance and changes in the portfolios, and clearly outlined our thinking regarding future potential changes to the portfolios. We provided very complete documentation on every investment decision and answered all questions put forward by UT System oversight staff. We planned topics at the Board Retreat to stimulate discussion and communications regarding new portfolio directions. We scheduled time at all UTIMCO Board meetings for questions from Board members and added, as a separate agenda item, time for open-ended investment discussions between the Board and UTIMCO staff. We provided detailed quarterly reports for each asset category in the endowment portfolios and a detailed review of the initial portfolio and performance of the Intermediate Term Fund. We provided new Board member orientation for new Regent McHugh and scheduled several hours of individual time with myself and several managing directors to answer her additional questions. Until the past two weeks, I believed that I had established a good working relationship with the UTIMCO Chairman. In my opinion, the only issue here was that some people just did not like or agree with the substance of what was being communicated by us, or failed to take the opportunities offered for further discussion and questions; there was no fundamental flaw with our communication approach.

- Maintain and increase staff morale, dedication, and value-added focus through effective leadership, delegation, and challenge.

Accomplished. Staff morale was maintained at very high levels throughout the Plan Year despite significant distractions resulting from the classification issue. Turnover at higher levels of the organization was very near zero. I suggest that the Compensation Committee interview staff members as independent verification of my performance in meeting this goal.

- Develop staff and provide leadership for the successful launch and management of the new Reserve Funds for operating and endowment capital.

Accomplished. The ITF was launched on-time with no glitches. In fact, the launch was so smooth that we were able to initiate performance comparisons to the Policy Portfolio two months prior to the planned date. There were no operational errors and the special website built by UTIMCO staff has functioned flawlessly through hundreds of high dollar value transactions by the Component Institutions. Cumulative performance to date of the ITF has been above the Policy Portfolio.

- Prepare and present a confidential staff succession and contingency plan for all key management positions at UTIMCO.

Accomplished. The succession and contingency plan was prepared and presented to Scott Caven in February, 2006.

- Fully implement the risk management / risk budgeting system as both a management and Board communication tool. Fully implement the integration of risk positions, in addition to dollar positions, into the asset allocation policy setting and review process.

Accomplished. We now report both dollar positions and risk positions to the Risk Committee and the UTIMCO Board on a monthly basis. Detailed risk reports are provided to Risk Committee members on a monthly basis for discussion. Risk-based limits were added to all Investment Policies this year. Several risk-based modeling algorithms were developed by the risk management staff to assist in evaluating hedging and tactical tilting decisions. As a result, all major tactical and hedging investment decisions made by staff are now made in a risk budgeting format. Plans for the upcoming asset allocation review include integrating risk policy limits into the decision factor process.

- Provide leadership to the process of reviewing and revising the UTIMCO Code of Ethics Policy.

Accomplished. I managed the development of the new Code of Ethics Policy. Working with Chairman Caven and outside counsel, we were able to get the new COE approved by UT System staff, the UTIMCO Board, and the Board of Regents. The new COE includes several changes that should prove to be very important in recruiting top quality independent investment professionals to the UTIMCO Board.

- Provide leadership to the efforts to streamline the process of making UTIMCO investment services available to “affiliated funds.”

Accomplished. Working with UTIMCO counsel and UT System OGC, I was able to develop a streamlined process for UTIMCO taking the responsibility for managing affiliated foundation assets. As a result, we have added more than \$250 million of such assets to UTIMCO management including the LBJ Foundation, the Law School Foundation, and the Sealy & Smith Foundation.

- Present a concrete set of alternative plans for the integration of the West Texas Lands assets into investment decision making.

Accomplished. We have on several occasions, presented the range of possibilities for integrating the WTL into the endowment fund investment process. I began preliminary discussions with the UT Engineering School to assess our technical options and have identified professors and oil and gas industry alums who could be helpful in an advisory capacity. Our progress had been delayed by our inability to identify the right candidate for the Managing Director, Inflation Hedging Assets. However, we have now zeroed in on a candidate, but she has pressing family issues that may result in a further delay. We are prepared to address the WTL issue in the upcoming asset allocation policy review.

- Develop a long range planning “retreat” for the UTIMCO Board to address foundation investment issues, including creating material for Board member preparation, arranging for high quality outside investment expert presentations, and creating a program with sufficient time for a small number of in-depth presentations and strategic discussions. Create a follow-up document to serve as a roadmap for future development.

Accomplished. UTIMCO staff planned and executed a high quality, very well received UTIMCO Board retreat. Follow up discussions on retreat topics were a part of subsequent UTIMCO Board meetings.

- Work with development and estates & trusts staffs to develop creative giving alternatives, especially more competitive charitable remainder trusts. Be available for presentations as requested.

Accomplished. Although UT System OGC has decided to wait for an IRS ruling in a case pending from the University of Michigan before proceeding with our own request, we have held several staff meetings to discuss the types of “products” we could offer to stimulate giving to the UT System. I have made several presentations at events sponsored by development staff to encourage giving. I believe we are ready to proceed quickly once we have an IRS ruling in hand.

- Improve the external image of UTIMCO by accepting speaking invitations at several domestic and international conferences.

Accomplished. I made six keynote speaker appearances at conferences in the past year including Hedge Fund World, Asia in Hong Kong and the SRI Institute in Boston. I also made a number of appearances as a panelist or moderator at conferences. At least part of the reason UTIMCO is now earning recognition as one of the best managed endowments are the presentations I, and other UTIMCO staff members, make at important conferences.

EXHIBIT 6
LEVEL OF ACHIEVEMENT OF PRESIDENT AND CEO'S
INDIVIDUAL PERFORMANCE GOAL FOR 2005/2006

Eligible Position	Weighting			Incentive Award Opportunity (% of Base Salary)			
	Entity	Asset	Individual	<Threshold	Threshold	Target	Maximum
President/CEO	70%	0%	30%	0%	18%	90%	180%

Percentage of Determined Level of Achievement of 2005/2006 Individual Performance Goals (0 to 100%): _____

**BOARD RESOLUTION RELATED TO
LEVEL OF ACHIEVEMENT OF PRESIDENT AND CEO
2005/2006 INDIVIDUAL PERFORMANCE GOAL**

WHEREAS, Section 5.5(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each Performance Period, the Board of Directors of UTIMCO (the "Board") will determine the level of achievement of the President and CEO with respect to his Performance Goals for such Performance Period; and

WHEREAS, the President and CEO has submitted to the Compensation Committee (the "Committee") of the Board a report documenting the President and CEO's opinion of his actual performance during the 2005/2006 Performance Period relative to his Individual Performance Goal for such Performance Period; and

WHEREAS, the Committee reviewed the report of the President and CEO relating to the actual performance of the President and CEO during the 2005/2006 Performance Period, compared all such documentation of such actual performance relative to the Individual Performance Goal of the President and CEO for such Performance Period, and determined that the President and CEO achieved the level of his Individual Performance Goal for the 2005/2006 Performance Period set forth on Exhibit 6 attached hereto and recommended that such determination be adopted by the Board; and

WHEREAS, the Board has reviewed all documentation relating to the actual performance of the President and CEO during the 2005/2006 Performance Period, compared all such documentation of such actual performance relative to the Individual Performance Goal of the President and CEO for such Performance Period, and reviewed the Committee's determination of the level of achievement of the President and CEO's Individual Performance Goal for the 2005/2006 Performance Period;

NOW, THEREFORE, be it:

RESOLVED, that the Board hereby determines that the President and CEO has achieved the level of his Individual Performance Goal for the 2005/2006 Performance Period set forth on Exhibit 6 attached hereto.

EXHIBIT 6
LEVEL OF ACHIEVEMENT OF PRESIDENT AND CEO'S
INDIVIDUAL PERFORMANCE GOAL FOR 2005/2006

Eligible Position	Weighting			Incentive Award Opportunity (% of Base Salary)			
	Entity	Asset	Individual	<Threshold	Threshold	Target	Maximum
President/CEO	70%	0%	30%	0%	18%	90%	180%

Base Salary: \$495,000
<Threshold Award: \$0
Threshold Award: \$26,730
Target Award: \$133,650
Maximum Award: \$267,300
[Interpolation for percentages in between achievement levels]

Determined Level of Achievement of 2005/2006 Individual Performance Goal: _____

TAB 3

TAB 3-A

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Agenda Item: Performance Report

Developed By: Moeller, Hill

Presented By: Iberg

Type of Item: Information Item

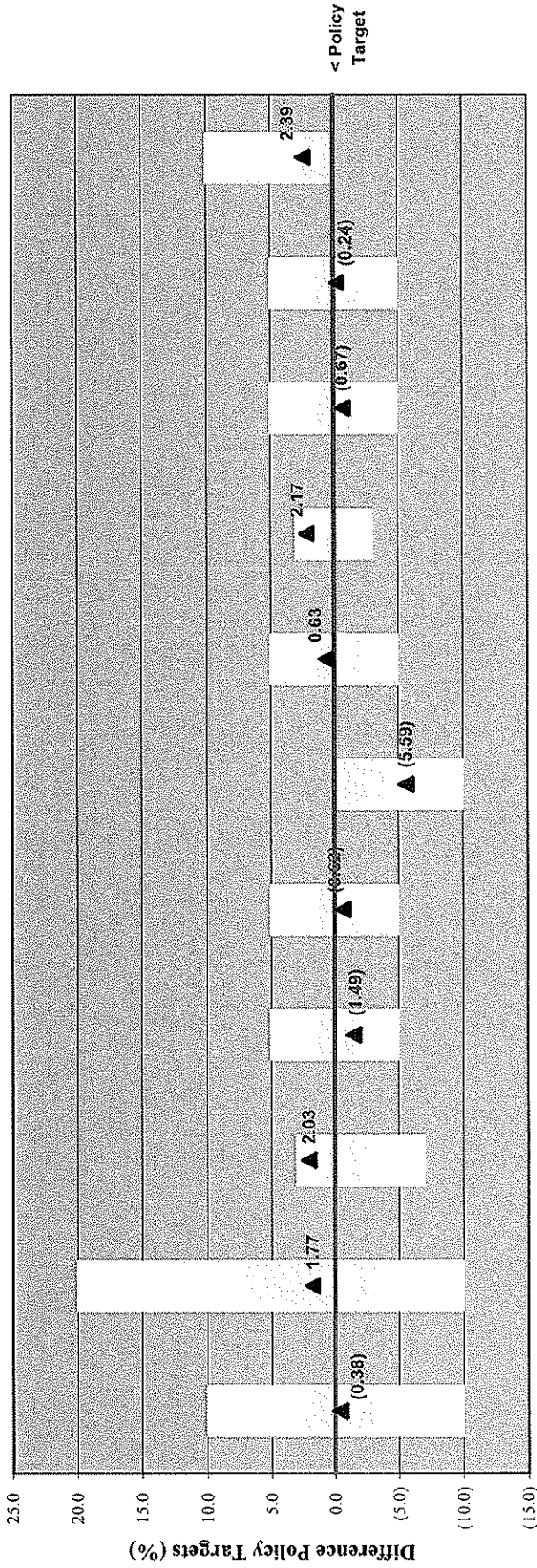
Description: The reports presented are for the periods ended July 31, 2006. (Except as noted.)

Recommendation: No action required.

Reference: Market Exposure; UTIMCO Performance Summary; Fiscal Year Cumulative Value Added in Endowment Funds; Fiscal Year Cumulative Value Added in Marketable Securities; Fiscal Year Cumulative Value Added in Non-Marketable Securities; Cumulative Value Added in Endowment Funds Since September 2002; Performance Attribution; UTIMCO Endowment Funds vs. Mellon Trust All Funds Universe; UTIMCO Endowment Funds vs. Mellon Trust Billion Dollar Funds Universe; UTIMCO Endowment Funds vs. Mellon Trust Foundation and Endowments Universe; UTIMCO Endowment Funds vs. Mellon Trust Foundations and Endowments Billion Dollar Funds Universe; External and Active Internal Public Markets Managers Investment Performance Detail

**Permanent University Fund
Market Exposure
July 31, 2006**

Deviations From Policy Targets Within Tactical Policy Ranges



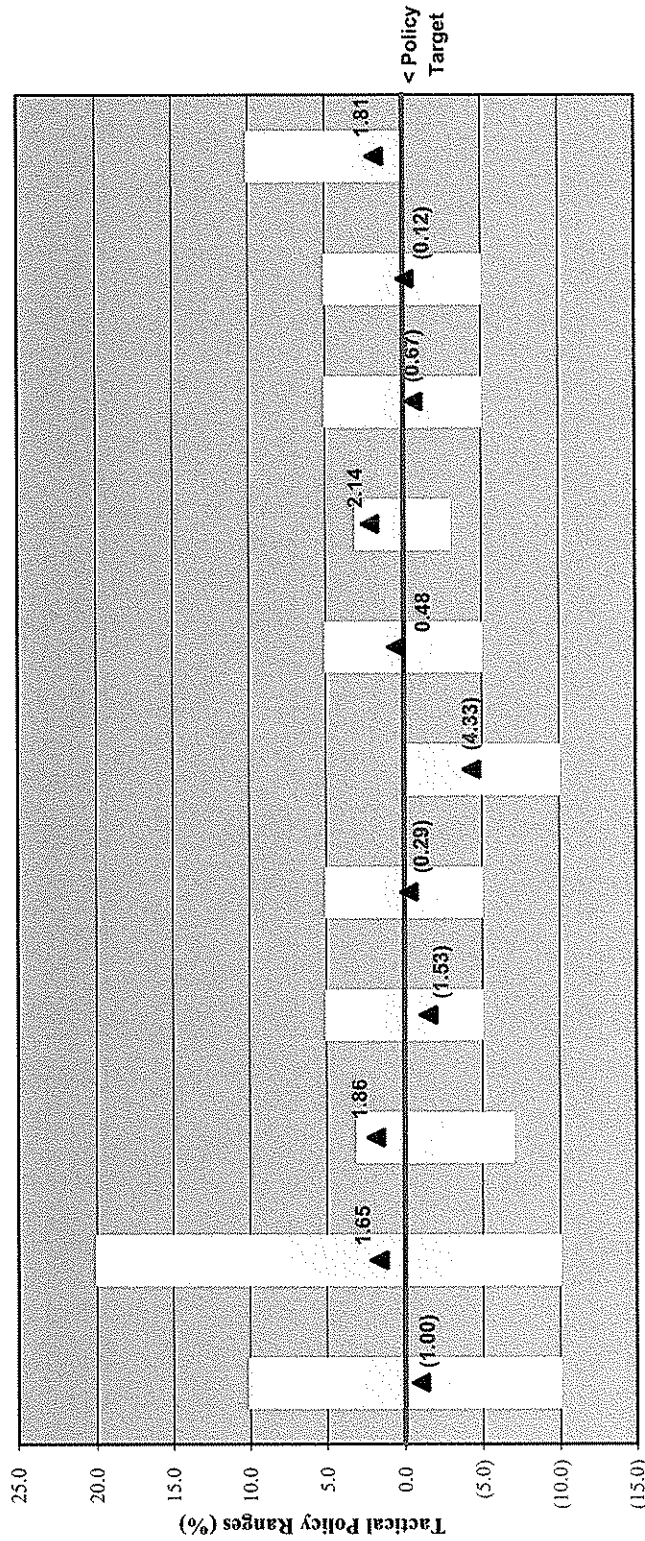
	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Funds	Private Capital	REITs	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
Actual	19.62%	11.77%	9.03%	8.51%	14.38%	9.41%	5.63%	5.17%	4.33%	9.76%	2.39%
Policy Target	20.00%	10.00%	7.00%	10.00%	15.00%	15.00%	5.00%	3.00%	5.00%	10.00%	0.00%
Deviation	-0.38%	1.77%	2.03%	-1.49%	-0.62%	-5.59%	0.63%	2.17%	-0.67%	-0.24%	2.39%

Deviation in Dollars (\$m) (38.63) 179.91 206.34 (151.45) (63.02) (568.20) 64.04 220.57 (68.10) (24.40) 242.94



**General Endowment Fund
Market Exposure
July 31, 2006**

Deviations From Policy Targets Within Tactical Policy Ranges



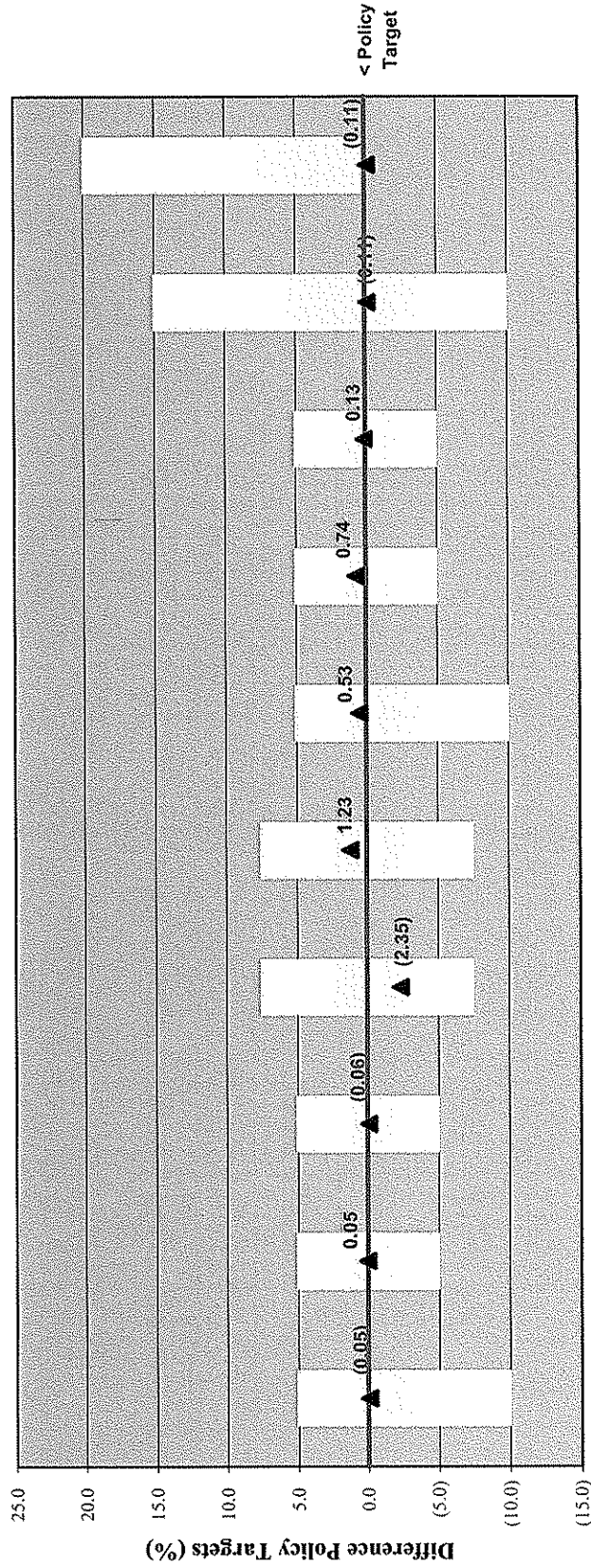
	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	Private Capital	REITS	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
Actual	19.00%	11.65%	8.86%	8.47%	14.71%	10.67%	5.48%	5.14%	4.33%	9.88%	1.81%
Policy Target	20.00%	10.00%	7.00%	10.00%	15.00%	15.00%	5.00%	3.00%	5.00%	10.00%	0.00%
Deviation	(1.00%)	1.65%	1.86%	(1.53%)	(0.29%)	(4.33%)	0.48%	2.14%	(0.67%)	(0.12%)	1.81%

Deviation in Dollars (\$m) 89.31 100.68 (82.82) (15.70) (234.38) 25.98 115.84 (36.27) (6.50) 97.99



**Intermediate Term Fund
Market Exposure
July 31, 2006**

Deviations From Policy Targets Within Tactical Policy Ranges



	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	REITs	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
Actual	14.95%	5.05%	4.94%	10.15%	13.73%	10.53%	5.74%	10.13%	24.89%	-0.11%
Policy Target	15.00%	5.00%	5.00%	12.50%	12.50%	10.00%	5.00%	10.00%	25.00%	0.00%
Deviation	(0.05%)	0.05%	(0.06%)	(2.35%)	1.23%	0.53%	0.74%	0.13%	(0.11%)	(0.11%)

Deviation in Dollars (\$m)	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	REITs	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
	(1.52)	1.52	(1.85)	(71.56)	37.46	16.14	22.53	3.96	(3.35)	(3.35)



UTIMCO Performance Summary
July 31, 2006

	Net Asset Value 7/31/2006 (in Millions)	Periods Ended July 31, 2006 (Returns for Periods Longer Than One Year are Annualized)										
		One Month	Three Months	Six Months	Calendar Year To Date	Fiscal Year To Date	One Year	Two Years	Three Years	Four Years	Five Years	Ten Years
ENDOWMENT FUNDS												
Permanent University Fund	\$ 10,164.6	1.18	(0.30)	2.84	5.78	9.73	11.65	14.56	15.23	13.87	8.79	9.89
General Endowment Fund		1.16	(0.25)	2.94	5.84	9.64	11.53	14.47	15.18	14.07	9.05	N/A
Permanent Health Fund	977.2	1.18	(0.27)	2.98	5.83	9.58	11.47	14.37	15.07	13.95	8.92	N/A
Long Term Fund	4,399.1	1.18	(0.27)	2.97	5.84	9.59	11.49	14.38	15.05	13.98	8.96	10.54
Separately Invested Funds	165.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	15,706.5											
OPERATING FUNDS												
Short Term Fund	1,139.2	0.45	1.28	2.41	2.78	4.11	4.41	3.35	2.57	2.28	2.32	3.98
Intermediate Term Fund	3,045.1	1.17	(0.09)	2.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Operating Funds	4,184.3											
Total Investments	\$ 19,890.8											
BENCHMARKS (1)												
Permanent University Fund: Policy Portfolio		0.85	(0.63)	2.97	6.47	10.85	11.92	13.51	13.52	11.58	7.10	10.46
General Endowment Fund: Policy Portfolio		0.85	(0.63)	2.97	6.47	10.85	11.92	13.51	13.52	11.58	7.10	10.29
Short Term Fund: 90 Day Treasury Bills Average Yield		0.42	1.22	2.31	2.63	3.88	4.18	3.22	2.49	2.22	2.27	3.81
Intermediate Term Fund: Policy Portfolio		1.06	(0.21)	1.70	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VALUE ADDED (2)												
Permanent University Fund		0.33	0.32	(0.13)	(0.68)	(1.12)	(0.28)	1.05	1.72	2.28	1.70	(0.57)
General Endowment Fund		0.31	0.38	(0.04)	(0.63)	(1.21)	(0.39)	0.96	1.66	2.49	1.95	N/A
Permanent Health Fund		0.33	0.36	0.00	(0.63)	(1.27)	(0.45)	0.86	1.55	2.37	1.83	N/A
Long Term Fund		0.33	0.36	0.00	(0.63)	(1.26)	(0.44)	0.87	1.54	2.40	1.87	0.25
Short Term Fund		0.02	0.07	0.10	0.16	0.23	0.23	0.13	0.08	0.05	0.05	0.17
Intermediate Term Fund		0.10	0.12	0.33	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) - Effective May 6, 2004, benchmark returns for the PUF policy portfolio have been restated for prior periods beginning June 1, 1993 through September 30, 2000 and for the GEF/LTF policy portfolio for prior periods beginning June 1, 1993 through September 30, 2001 to correct the following technical errors in benchmark construction and calculation: (a) to reflect actual asset class target allocations which were in place, or the practical implementation of changes to those policy allocations, and (b) to distinguish between PUF and GEF/LTF historical investment objectives and distribution policies by accurately representing actual asset class allocations during those periods.

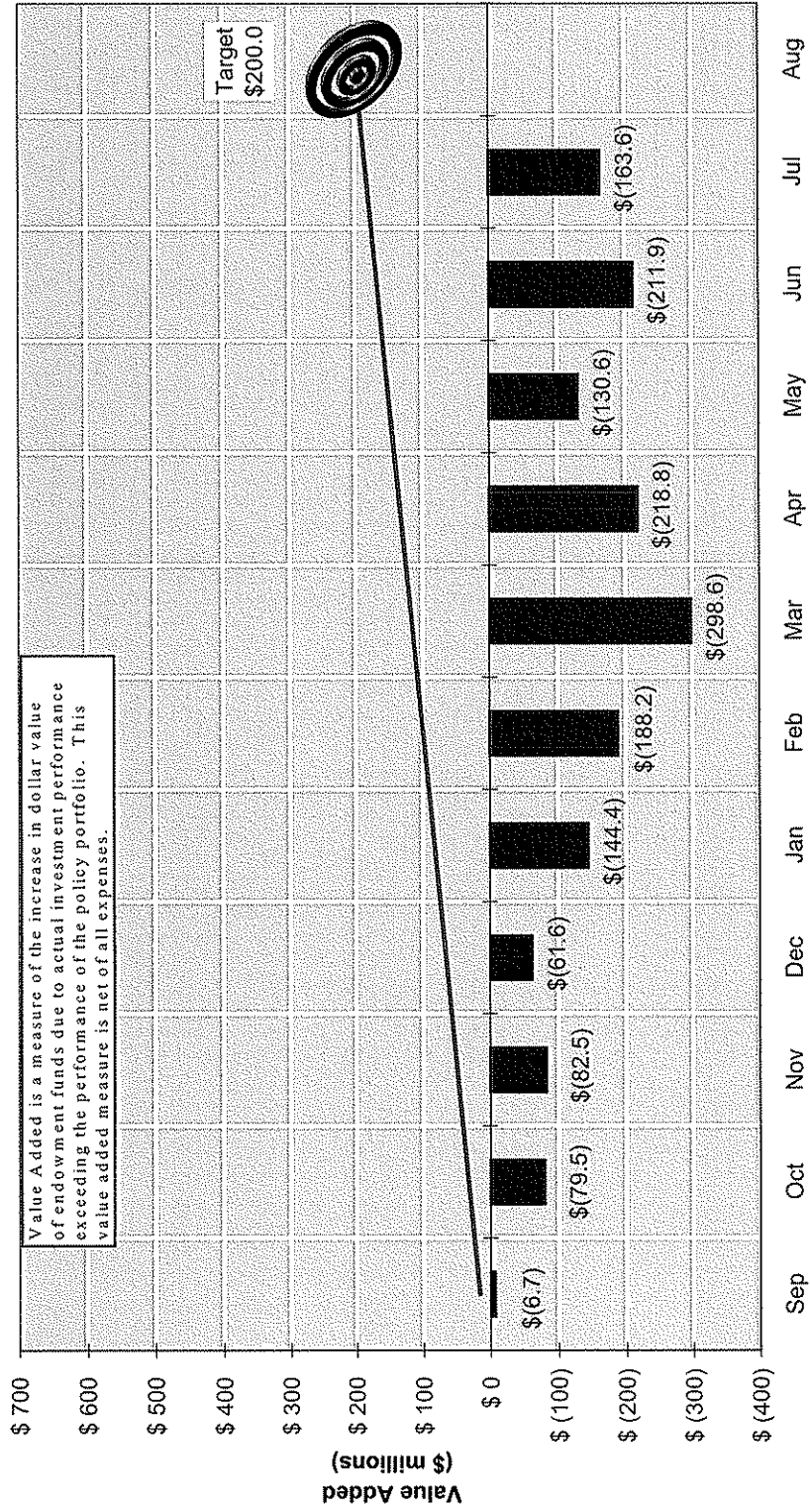
Benchmark returns for the PUF and GEF/LTF policy portfolios were also restated for all prior periods beginning June 1, 1993 through December 31, 2003 to replace various benchmark returns reported previously for the Private Capital asset class. Specifically, the Wilshire 5000 + 4%, the benchmark used prior to January 1, 2004, was replaced with the Venture Economics Periodic IRR Index, a more appropriate benchmark measure for the actual Private Capital portfolio.

Effective August 10, 2006, benchmark returns for the PUF and GEF policy portfolios were also restated for periods beginning January 1, 2006 through April 30, 2006, and for the ITF policy portfolio for periods beginning February 1, 2006 to April 30, 2006, to replace benchmark returns for the Hedge Fund asset class due to integrity concerns regarding existing benchmarks. Specifically, composites of Standard & Poor's investable hedge fund indices were replaced with the MSCI Investable Hedge Fund Index.

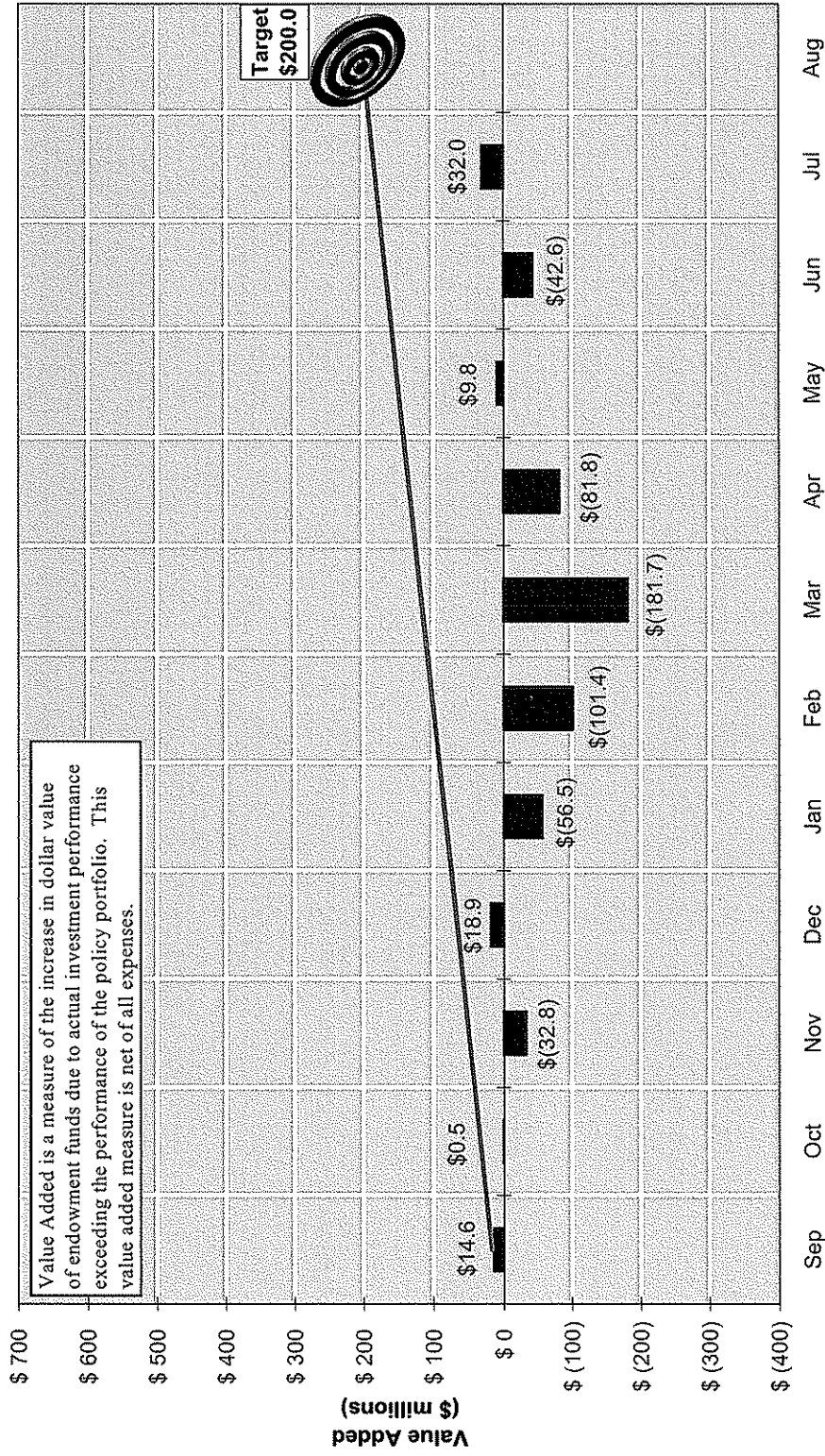
Complete details of the restatements and previous policy portfolio benchmark history are documented on the UTIMCO website at www.UTIMCO.org or are available upon request.

(2) - Value added is a measure of the difference between actual returns and benchmark or policy portfolio returns for each period shown. Value added is a result of the active management decisions made by UTIMCO staff and external managers.

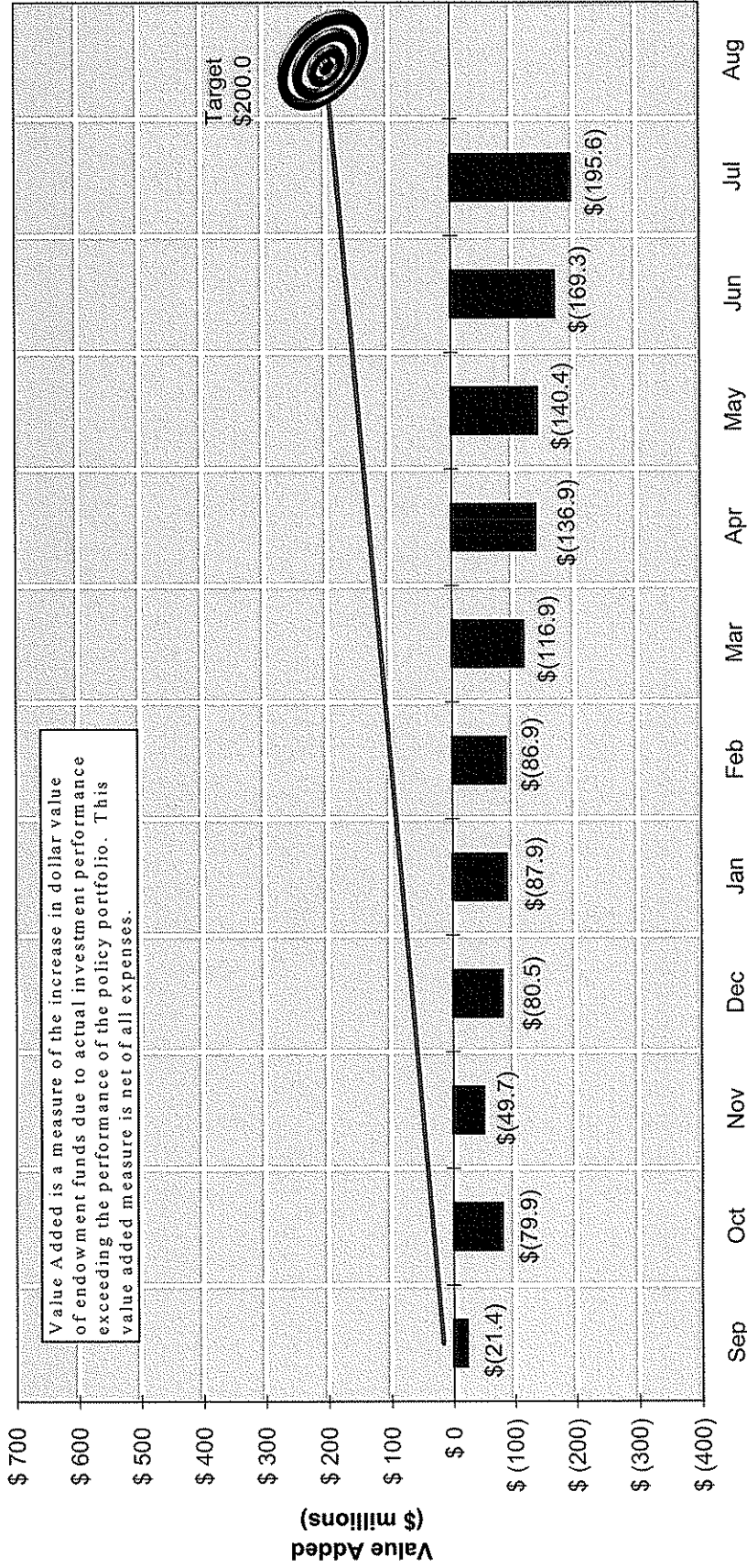
Cumulative Value Added In Endowment Funds 2005-2006 Fiscal Year



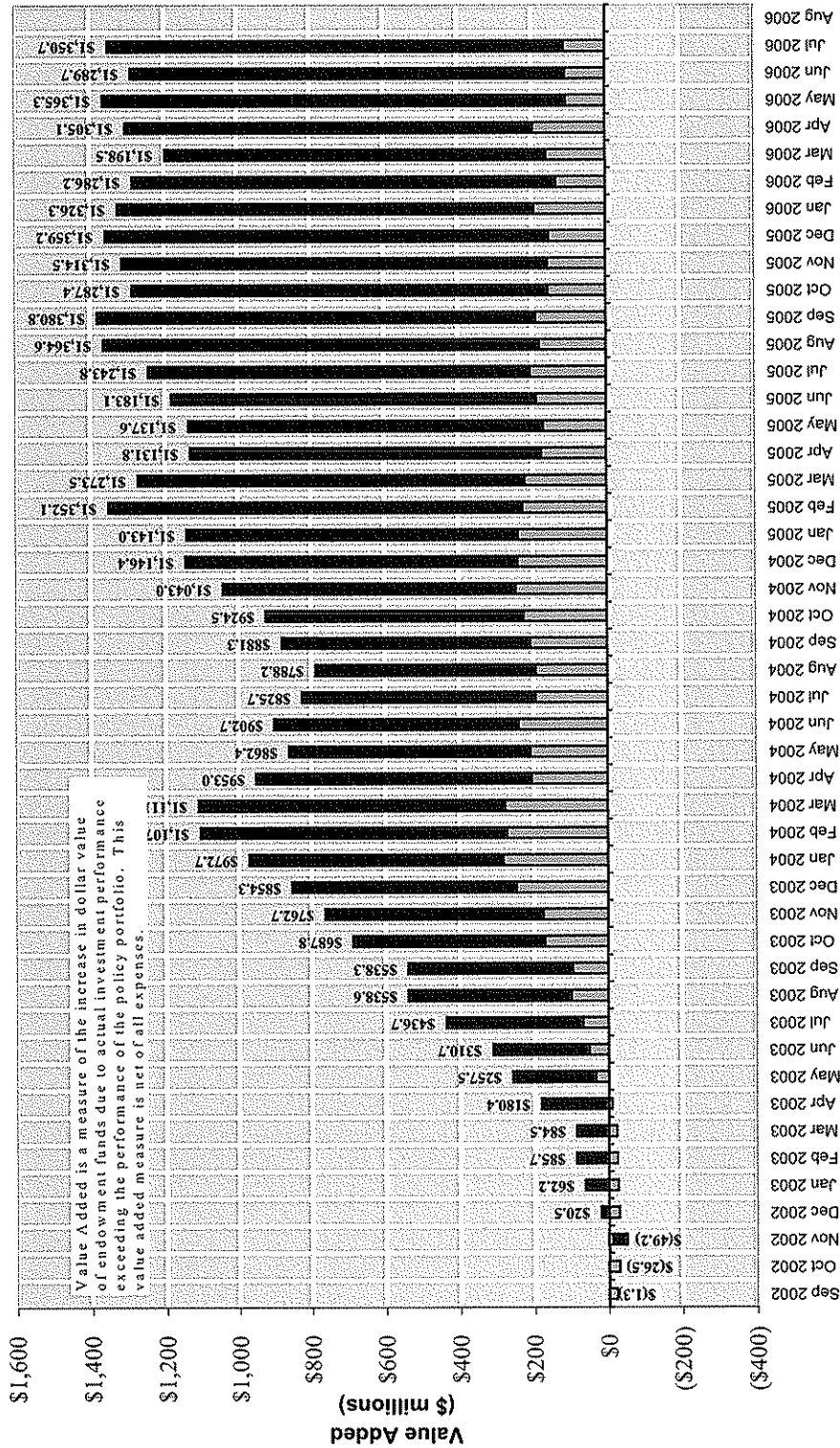
Cumulative Value Added in Marketable Securities in Endowment Funds 2005-2006 Fiscal Year



Cumulative Value Added In Non-Marketable Securities In Endowment Funds 2005-2006 Fiscal Year



**VALUE ADDED: ENDOWMENT FUNDS
SINCE SEPTEMBER 1, 2002**



■ Security Selection ■ Asset Allocation





Permanent University Fund Performance Attribution Analysis

Fiscal Year to Date

July 31, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	PUF	Policy Portfolio	PUF	Policy Benchmark			
Cash and Cash Equivalents	0.89%	0.00%	4.11%	3.88%	-0.03%	0.00%	-0.03%
U.S. Equities	20.78%	20.00%	6.24%	6.15%	0.00%	0.02%	0.02%
Global Equities	20.23%	17.00%	18.97%	23.77%	-0.03%	-0.64%	-0.67%
Non-U.S. Equities Developed	12.66%	10.00%	19.08%	20.95%	0.25%	-0.17%	0.08%
Emerging Markets	7.57%	7.00%	20.61%	27.34%	-0.28%	-0.47%	-0.75%
Directional Hedge Funds	9.08%	10.00%	3.44%	4.50%	0.06%	-0.11%	-0.05%
Absolute Return Hedge Funds	15.13%	15.00%	8.35%	3.76%	0.02%	0.71%	0.73%
Inflation Linked	14.48%	13.00%	8.92%	8.17%	-0.13%	0.20%	0.07%
REITS	5.24%	5.00%	23.78%	22.09%	0.01%	0.08%	0.09%
Commodities	5.05%	3.00%	2.42%	-0.73%	-0.22%	0.10%	-0.12%
TIPS	4.19%	5.00%	0.24%	-0.21%	0.08%	0.02%	0.10%
Fixed Income	10.13%	10.00%	1.20%	0.18%	-0.05%	0.11%	0.06%
Total Marketable Assets	90.72%	85.00%	8.87%	8.57%	-0.16%	0.29%	0.13%
Private Capital	9.28%	15.00%	18.40%	24.39%	-0.46%	-0.79%	-1.25%
Total Fund	100.00%	100.00%	9.73%	10.35%	-0.62%	-0.50%	-1.12%

(1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

(2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.



Permanent University Fund Performance Attribution Analysis
Cumulative Since September 1, 2002 to
July 31, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	PUF	Policy Portfolio	PUF	Policy Benchmark			
Cash and Cash Equivalents	0.78%	0.00%	9.26%	9.05%	-0.53%	0.00%	-0.53%
U.S. Equities	26.71%	23.60%	67.46%	65.28%	0.88%	0.81%	1.69%
Global Equities	19.15%	16.55%	110.37%	114.09%	1.33%	-0.54%	0.79%
Directional Hedge Funds	7.93%	10.00%	29.12%	23.64%	0.60%	0.68%	1.28%
Absolute Return Hedge Funds	11.99%	13.30%	69.69%	20.74%	-0.51%	6.59%	6.08%
Inflation Linked	8.10%	7.72%	118.15%	114.19%	-0.45%	1.70%	1.25%
Fixed Income	14.11%	13.83%	25.95%	16.04%	0.66%	1.84%	2.50%
GSAM Global Asset Allocation	0.38%	0.00%	0.00%	0.00%	-0.17%	0.00%	-0.17%
Total Marketable Assets	89.15%	85.00%	69.53%	54.33%	2.15%	11.08%	13.23%
Private Capital	10.85%	15.00%	63.10%	50.79%	1.79%	2.06%	0.27%
Total Fund	100.00%	100.00%	67.54%	54.04%	0.36%	13.14%	13.50%

(1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Return - Benchmark Asset Class Return)

(2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.



Permanent University Fund Performance Attribution Analysis
Annualized Since September 1, 2002 to
July 31, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	PUF	Policy Portfolio	PUF	Policy Benchmark			
Cash and Cash Equivalents	0.78%	0.00%	2.29%	2.24%	-0.10%	0.00%	-0.10%
U.S. Equities	26.71%	23.60%	14.07%	13.69%	0.16%	0.15%	0.31%
Global Equities	19.15%	16.55%	20.92%	21.43%	0.25%	-0.10%	0.15%
Directional Hedge Funds	7.93%	10.00%	6.74%	5.57%	0.10%	0.12%	0.22%
Absolute Return Hedge Funds	11.99%	13.30%	14.45%	4.93%	0.08%	1.18%	1.10%
Inflation Linked	8.10%	7.72%	22.04%	21.47%	-0.08%	0.30%	0.22%
Fixed Income	14.11%	13.83%	6.07%	3.87%	0.12%	0.33%	0.45%
GSAM Global Asset Allocation	0.38%	0.00%	0.00%	0.00%	0.03%	0.00%	0.03%
Total Marketable Assets	89.15%	85.00%	14.44%	11.72%	0.40%	1.98%	2.38%
Private Capital	10.85%	15.00%	13.30%	11.06%	-0.33%	0.37%	0.04%
Total Fund	100.00%	100.00%	14.08%	11.66%	0.07%	2.35%	2.42%

(1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Return - Benchmark Asset Class Return)

(2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.



General Endowment Fund Performance Attribution Analysis
Fiscal Year to Date
July 31, 2006

	Average Asset Allocation		Return		Allocation Effect (1)	Selection Effect (2)	Total Effect
	GEF	Policy Portfolio	GEF	Policy Benchmark			
Cash and Cash Equivalents	0.66%	0.00%	4.11%	3.88%	0.01%	0.00%	0.01%
U.S. Equities	20.45%	20.00%	6.59%	6.15%	-0.05%	0.09%	0.04%
Global Equities							
Non-U.S. Equities Developed	19.82%	17.00%	18.65%	23.77%	-0.10%	-0.71%	-0.81%
Emerging Markets	12.54%	10.00%	18.77%	20.95%	0.24%	-0.19%	0.05%
	7.28%	7.00%	20.10%	27.34%	-0.34%	-0.52%	-0.86%
Directional Hedge Funds	8.98%	10.00%	3.35%	4.50%	0.07%	-0.12%	-0.05%
Absolute Return Hedge Funds	15.38%	15.00%	8.28%	3.76%	0.02%	0.70%	0.72%
Inflation Linked							
REITS	14.23%	13.00%	8.77%	8.17%	-0.13%	0.19%	0.06%
Commodities	5.07%	5.00%	23.69%	22.09%	-0.01%	0.07%	0.06%
TIPS	4.99%	3.00%	2.44%	-0.73%	-0.21%	-0.10%	-0.11%
	4.17%	5.00%	0.23%	-0.21%	0.09%	0.02%	0.11%
Fixed Income	10.17%	10.00%	1.33%	0.18%	-0.05%	0.13%	0.08%
Total Marketable Assets	89.69%	85.00%	8.77%	8.57%	-0.23%	0.28%	0.05%
Private Capital	10.31%	15.00%	17.34%	24.39%	-0.32%	-0.94%	-1.26%
Total Fund	100.00%	100.00%	9.64%	10.85%	-0.55%	-0.66%	-1.21%

(1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

(2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.



General Endowment Fund Performance Attribution Analysis
Cumulative Since September 1, 2002 to
July 31, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	GEF	Policy Portfolio	GEF	Policy Benchmark			
Cash and Cash Equivalents	0.58%	0.00%	9.26%	9.05%	-0.40%	0.00%	-0.40%
U.S. Equities	26.65%	23.60%	67.77%	65.28%	1.10%	0.78%	1.88%
Global Equities	19.37%	16.55%	110.77%	114.09%	2.17%	-1.09%	1.08%
Directional Hedge Funds	8.06%	10.00%	28.97%	23.64%	0.52%	0.66%	1.18%
Absolute Return Hedge Funds	12.41%	13.30%	69.84%	20.74%	-0.37%	6.64%	6.27%
Inflation Linked	8.10%	7.72%	118.46%	114.19%	-0.39%	1.71%	1.32%
Fixed Income	14.05%	13.83%	26.65%	16.04%	0.75%	1.97%	2.72%
GSAM Global Asset Allocation	0.38%	0.00%	33.70%	0.00%	0.18%	0.00%	0.18%
Total Marketable Assets	89.60%	85.00%	70.29%	54.33%	3.56%	10.67%	14.23%
Private Capital	10.40%	15.00%	57.63%	50.79%	-0.80%	1.19%	0.39%
Total Fund	100.00%	100.00%	68.66%	54.04%	2.76%	11.86%	14.62%

- (1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)
- (2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.



General Endowment Fund Performance Attribution Analysis
Annualized Since September 1, 2002 to
July 31, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	GEF	Policy Portfolio	GEF	Policy Benchmark			
Cash and Cash Equivalents	0.58%	0.00%	2.29%	2.24%	-0.07%	0.00%	-0.07%
U.S. Equities	26.65%	23.60%	14.12%	13.69%	0.19%	0.14%	0.33%
Global Equities	19.37%	16.55%	20.97%	21.43%	0.38%	-0.19%	0.19%
Directional Hedge Funds	8.06%	10.00%	6.71%	5.57%	0.09%	0.12%	0.21%
Absolute Return Hedge Funds	12.41%	13.30%	14.48%	4.93%	-0.06%	1.19%	1.13%
Inflation Linked	8.10%	7.72%	22.08%	21.47%	-0.07%	0.31%	0.24%
Fixed Income	14.05%	13.83%	6.22%	3.87%	0.14%	0.35%	0.49%
GSAM Global Asset Allocation	0.38%	0.00%	7.70%	0.00%	0.04%	0.00%	0.04%
Total Marketable Assets	89.60%	85.00%	14.56%	11.72%	0.64%	1.92%	2.56%
Private Capital	10.40%	15.00%	12.32%	11.06%	-0.15%	0.21%	0.06%
Total Fund	100.00%	100.00%	14.28%	11.66%	0.49%	2.13%	2.62%

- (1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)
- (2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)
- All actual performance figures shown are net of all fees and expenses.



**Intermediate Term Fund Performance Attribution Analysis
Six Months Ended July 31, 2006**

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	ITF	Policy Portfolio	ITF	Policy Benchmark			
Cash and Cash Equivalents	0.67%	0.00%	2.41%	2.31%	-0.05%	0.00%	-0.05%
U.S. Equities	15.04%	15.00%	0.61%	-0.20%	0.01%	0.12%	0.13%
Non-U.S. Equities Developed	5.09%	5.00%	2.66%	4.82%	0.01%	-0.10%	-0.09%
Emerging Markets	5.06%	5.00%	-3.30%	-2.23%	-0.02%	-0.07%	-0.09%
Directional Hedge Funds	9.95%	12.50%	-0.06%	0.68%	0.02%	-0.09%	-0.07%
Absolute Return Hedge Funds	13.84%	12.50%	3.59%	0.68%	0.03%	0.36%	0.39%
REITS	10.07%	10.00%	9.54%	10.35%	-0.02%	-0.09%	-0.11%
Commodities	5.31%	5.00%	3.00%	3.45%	0.01%	-0.03%	-0.02%
TIPS	10.13%	10.00%	0.29%	-0.16%	-0.01%	0.05%	0.04%
Fixed Income	24.84%	25.00%	1.50%	0.61%	-0.02%	0.22%	0.20%
Total Fund	100.00%	100.00%	2.03%	1.70%	-0.04%	0.37%	0.33%

(1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.

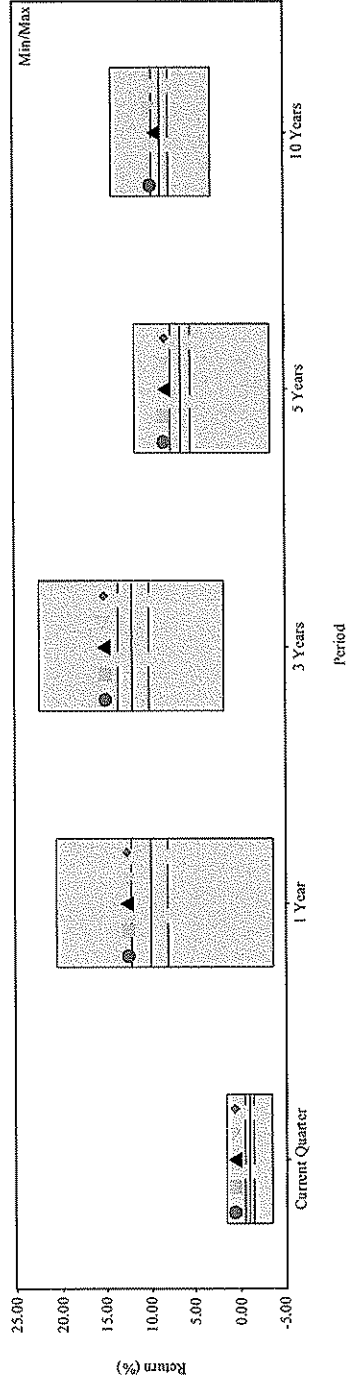
(Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
(Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

(2) Selection effect measures the impact of selecting securities different from those held in the benchmark.

(Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.

**UTIMCO ENDOWMENTS FUNDS vs.
ALL FUNDS UNIVERSE
Periods Ended June 30, 2006**

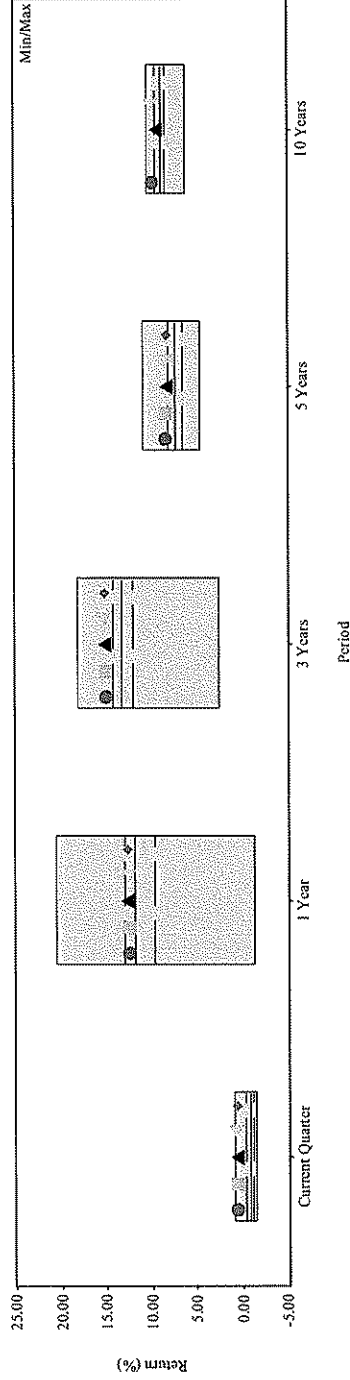


	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
Maximum	1.66		20.56		22.52		11.72		14.23	
25th Percentile	- 0.51		12.25		13.58		7.59		9.63	
Median	- 0.99		10.06		12.14		6.54		8.69	
75th Percentile	- 1.41		8.12		10.18		5.39		7.82	
Minimum	- 3.35		- 3.49		1.96		- 3.37		3.15	
# of Portfolios	494		447		398		360		267	
UTIMCO LTF-Net of Fees	0.86	4	12.64	22	15.27	10	8.56	13	10.04	16
UTIMCO PHF-Net of Fees	0.87	4	12.63	22	15.28	10	8.52	13	---	---
UTIMCO PUF-Net of Fees	0.86	4	12.87	20	15.43	10	8.41	14	9.51	27
UTIMCO GEF-Net of Fees	0.91	4	12.72	21	15.41	10	8.65	11	10.08	15
U.T. System Endowment Funds	0.87	4	12.80	20	15.39	10	8.44	14	---	---

Universe Source: (c) Russell/Mellon Analytical Services
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The All Funds Universe consists of all corporate, foundation and endowment, and public plans of Russell/Mellon clients. The number of funds in this universe as of June 30, 2006 was 494.

**UTIMCO ENDOWMENTS FUNDS vs.
BILLION DOLLAR FUNDS UNIVERSE
Periods Ended June 30, 2006**

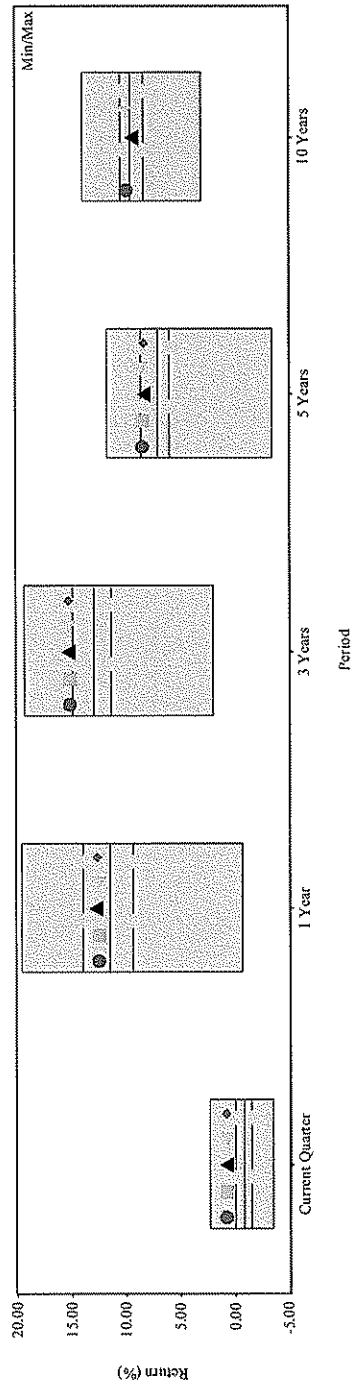


	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)
Maximum	0.99		20.56		18.25		10.91		10.41	
25th Percentile	-0.37		13.05		14.26		8.13		9.48	
Median	0.81		11.87		13.36		7.24		8.83	
75th Percentile	-1.09		9.64		12.10		6.50		8.45	
Minimum	-1.24		-1.18		2.77		4.83		6.37	
# of Portfolios	43		38		36		34		27	
UTIMCO LTF-Net of Fees	0.86	5	12.64	34	15.27	17	8.56	18	10.04	8
UTIMCO PHF-Net of Fees	0.87	5	12.63	34	15.28	17	8.52	18	---	---
UTIMCO PUF-Net of Fees	0.86	5	12.87	29	15.43	17	8.41	20	9.51	18
UTIMCO GEF-Net of Fees	0.91	5	12.72	34	15.41	17	8.65	15	10.08	8
U.T. System Endowment Funds	0.87	5	12.80	31	15.39	17	8.44	18	---	---

Universe Source: (c) Russell/Mellon Analytical Services
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The Billion Dollar Fund Universe consists of all assets of public plans of Russell/Mellon clients with at least one billion dollars in assets. The number of funds in the universe as of June 30, 2006 was 43.

**UTIMCO ENDOWMENTS FUNDS vs.
FOUNDATIONS AND ENDOWMENTS UNIVERSE
Periods Ended June 30, 2006**

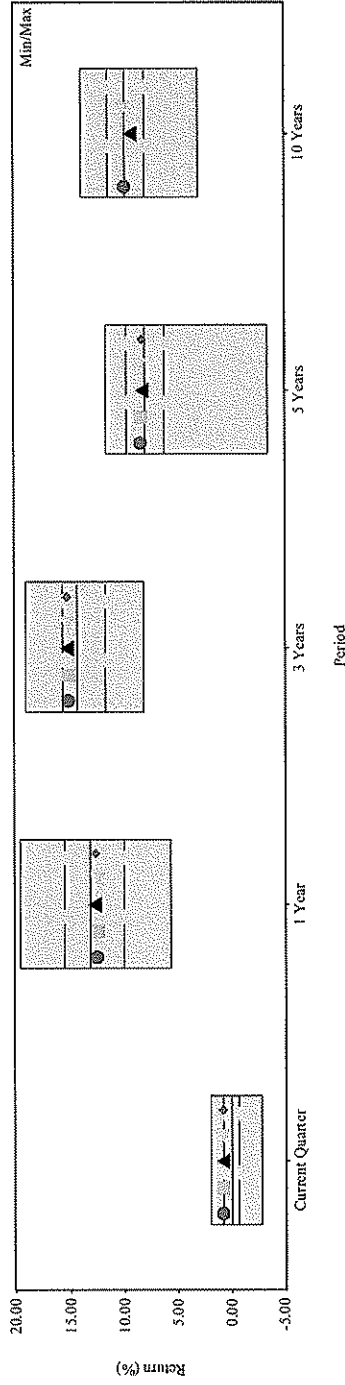


	Current Quarter	1 Year	3 Years	5 Years	10 Years
	Return (%)	Return (%)	Return (%)	Return (%)	Return (%)
	(% tile)	(% tile)	(% tile)	(% tile)	(% tile)
● Maximum	2.33	19.63	19.47	11.72	13.99
■ 25th Percentile	- 0.10	13.97	14.92	8.60	10.41
▲ Median	- 0.88	11.44	12.98	7.00	9.42
▼ 75th Percentile	- 1.50	9.39	11.32	5.91	8.33
◆ Minimum	- 3.35	- 0.51	2.11	- 3.37	3.15
# of Portfolios	144	123	110	96	66
● UTIMCO LTF-Net of Fees	0.86	12.64	15.27	8.56	10.04
■ UTIMCO PHF-Net of Fees	0.87	12.63	15.28	8.52	---
▲ UTIMCO PUF-Net of Fees	0.86	12.87	15.43	8.41	9.51
▼ UTIMCO GEF-Net of Fees	0.91	12.72	15.41	8.65	10.08
◆ U.T. System Endowment Funds	0.87	12.80	15.39	8.44	---

Universe Source: (c) Russell/Mellon Analytical Services
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The Foundations and Endowments Universe consists of all the assets of foundation and endowment plans of Russell/Mellon Clients. The number of funds in the universe as of June 30, 2006 was 144.

**UTIMCO ENDOWMENTS FUNDS vs.
FOUNDATIONS AND ENDOWMENTS BILLION DOLLAR FUNDS UNIVERSE**
Periods Ended June 30, 2006



	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)
Maximum	1.88		19.63		19.08		11.72		13.99	
25th Percentile	0.70		15.60		15.71		9.76		11.47	
Median	- 0.08		13.13		14.38		7.99		9.94	
75th Percentile	- 0.74		9.99		11.69		6.17		8.03	
Minimum	- 2.72		5.82		8.23		- 3.37		3.15	
# of Portfolios	37		36		34		33		26	
UTIMCO LTF-Net of Fees	0.86	24	12.64	60	15.27	43	8.56	48	10.04	52
UTIMCO PHF-Net of Fees	0.87	24	12.63	60	15.28	43	8.52	48	---	---
UTIMCO PUF-Net of Fees	0.86	24	12.87	57	15.43	38	8.41	48	9.51	60
UTIMCO GEF-Net of Fees	0.91	22	12.72	57	15.41	38	8.65	42	10.08	52
U.T. System Endowment Funds	0.87	24	12.80	57	15.39	38	8.44	48	---	---

Universe Source: (c) Russell/Mellon Analytical Services
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The Foundations and Endowments Billion Dollar Fund Universe consists of all assets of foundations and endowments of Russell/Mellon clients with at least one billion dollars in assets. The number of funds in the universe as of June 30, 2006 was 37.



**External and Active Internal Public Markets Managers
Investment Performance Detail Summary
July 31, 2006**

Periods Ended July 31, 2006
(Returns for Periods Longer Than One Year are Annualized)

Assets Under Management (\$ Millions)	Calendar Year						Inception	Inception Date
	One Month	Three Months	Six Months	To Date	One Year	Three Years		
NET OF FEES PERFORMANCE:								
Public Equities:								
Domestic Equities:								
Active Management: BGI Russell 3000 Alpha Tilt vs. Russell 3000	38.9	0.30 (2.90)	0.46 (2.90)	0.46 (2.90)	-	-	0.46 (2.90)	February 2006
Blavin vs. S&P 400 Midcap Index	123.3	0.40 (1.47)	0.66 (3.30)	0.66 (3.30)	-	-	0.66 (3.30)	January 2006
MBA Investments vs. S&P 500 Index	0.7	0.74 (0.85)	1.49 (4.36)	1.49 (4.36)	3.16 (5.03)	3.16 (5.03)	3.16 (5.03)	November 1995
Relational Investors vs. S&P 500 Index	388.6	1.63 (1.47)	1.51 (3.65)	1.39 (4.95)	1.39 (4.95)	1.78 (1.05)	3.56 (5.33)	September 2004
Blackrock Hedge vs. Russell 2000	117.8	1.01 (3.36)	2.18 (5.17)	2.18 (5.17)	9.14 (4.30)	9.14 (4.30)	36.06 (22.01)	July 2004
Blackrock Small Cap vs. Russell 2000	90.0	0.10 (0.55)	2.93 (6.81)	2.93 (6.81)	15.04 (26.03)	15.04 (26.03)	43.56 (33.84)	June 2004
TCW MultiCap 1 vs. Russell 3000	142.6	2.10 (2.01)	7.45 (7.25)	7.45 (7.25)	4.68 (9.72)	4.68 (9.72)	2.14 (5.44)	February 2004
TCW MultiCap 2 vs. Russell 3000	110.1	1.77 (1.67)	6.90 (6.35)	6.90 (6.35)	-	-	6.92 (6.54)	February 2006
TCW Small Value vs. Russell 2000	125.7	3.76 (0.50)	5.78 (1.86)	5.78 (1.86)	1.01 (1.45)	1.01 (1.45)	5.16 (6.61)	April 2004
Value Act Capital vs. Russell 2000	530.2	0.16 (3.09)	3.14 (4.96)	3.14 (4.96)	17.09 (12.85)	17.09 (12.85)	18.09 (3.05)	August 2003
Westport 1 vs. Russell 2000	186.7	3.37 (0.12)	6.95 (1.81)	6.95 (1.81)	11.66 (5.45)	11.66 (5.45)	15.06 (2.78)	October 2004
Westport 2 vs. Russell 2000	200.4	2.28 (0.98)	7.47 (0.63)	7.47 (0.63)	-	-	2.95 (0.98)	January 2006
International Equities:								
Active Management: Blakoney Management vs. MSCI Emerging Markets with Net Dividends	91.6	0.82 (2.25)	1.05 (1.17)	1.05 (1.17)	25.80 (2.47)	25.80 (2.47)	35.36 (1.41)	October 2004
Blackrock Global vs. MSCI All Country World ex U.S. with Net Dividends	135.8	1.58 (0.58)	7.38 (3.50)	7.38 (3.50)	31.25 (9.71)	31.25 (9.71)	50.84 (31.26)	November 2004
Bridgewater Currency Overlay Currency Overlay Strategy	-2.0	0.05 (0.30)	0.30 (0.30)	0.30 (0.30)	0.68 (0.68)	0.68 (0.68)	0.76 (0.76)	January 2005
Capital Guardian Trust Small Cap International vs. Citigroup Extended Market Index World ex U.S.	26.9	0.91 (0.21)	8.84 (3.71)	8.84 (3.71)	33.71 (7.89)	33.71 (7.89)	7.96 (1.04)	December 1996
Cundill EAFE vs. MSCI EAFE with Net Dividends	109.5	2.96 (3.95)	4.61 (9.43)	4.61 (9.43)	13.89 (10.12)	13.89 (10.12)	8.70 (9.61)	January 2005
Cundill Japan vs. TOPIX	77.1	4.65 (3.61)	9.07 (0.51)	9.07 (0.51)	20.48 (8.67)	20.48 (8.67)	12.23 (4.57)	January 2005
Dalton Japan vs. TOPIX	61.6	1.36 (0.31)	9.26 (0.70)	9.26 (0.70)	19.83 (8.05)	19.83 (8.05)	17.39 (8.56)	May 2005
Dalton Taiwan vs. MSCI Emerging Markets with Net Dividends	45.8	4.15 (5.99)	10.87 (1.45)	10.87 (1.45)	8.42 (6.19)	8.42 (6.19)	3.11 (1.00)	February 2006
Franklin Templeton vs. MSCI Emerging Markets with Net Dividends	281.5	2.54 (1.11)	8.24 (1.18)	8.24 (1.18)	25.22 (2.12)	25.22 (2.12)	7.90 (1.04)	January 1996
Franklin Templeton High Alpha vs. MSCI Emerging Markets with Net Dividends	98.1	3.55 (2.12)	8.94 (0.48)	8.94 (0.48)	-	-	3.46 (0.49)	March 2006
Globeflex vs. Citigroup Extended Market Index World ex U.S.	167.6	1.11 (0.42)	1.18 (0.59)	1.18 (0.59)	37.08 (11.26)	37.08 (11.26)	35.68 (10.15)	October 2003

**External and Active Internal Public Markets Managers
Investment Performance Detail Summary
July 31, 2006**



Assets Under Management (\$ Millions)	Periods Ended July 31, 2006 (Returns for Periods Longer Than One Year are Annualized)											Inception Date
	One Month	Three Months	Six Months	To Date	Fiscal Year	One Year	Three Years	Five Years	Ten Years	Inception		
	Month	Months	Months	To Date	Calendar Year	Year	Years	Years	Years	Year		
NET OF FEES PERFORMANCE (continued)												
Globeflex Canadian vs. Nesbit Burns Small Cap Canada	32.9	1.18 (4.84)	4.78 (1.94)	15.19 30.81	30.81	37.46	-	-	-	31.05	March 2004	
Globeflex Japan vs. Russell/Nomura Mid-Small Cap Index	69.2	(3.25) 0.23	(12.18) (0.47)	(11.15) (0.37)	14.76 0.17	21.42 0.27	-	-	-	12.99 3.97	March 2004	
Globeflex Microcap vs. MSCI EAFE with Net Dividends	116.1	(2.02) (3.01)	(10.33) (7.39)	0.13 (4.68)	14.00 (6.95)	-	-	-	-	14.00 (6.95)	August 2005	
GSAM - International Flex vs. MSCI EAFE with Net Dividends	208.6	1.82 0.83	(2.39) 0.55	-	-	-	-	-	-	6.87 1.82	March 2006	
JMBO Fund vs. MSCI Japan	59.9	(1.67) (1.12)	(7.90) (0.13)	(5.95) (2.48)	2.09 (23.08)	1.84 (32.04)	-	-	-	3.21 (23.06)	April 2005	
Lansdowne Emerging vs. MSCI Emerging Markets with Net Dividends	391.8	1.36 (0.07)	(7.86) (0.92)	(3.15) (8.83)	-	-	-	-	-	(0.13) (8.83)	December 2005	
Lansdowne Europe vs. Euro Stoxx 600	246.0	0.55 (0.93)	(10.93) (9.10)	(0.66) (7.39)	-	-	-	-	-	(0.66) (7.39)	January 2006	
Lansdowne UK vs. FTSE All-Share Total Return Index	49.1	0.67 (0.64)	(4.11) (2.52)	-	-	-	-	-	-	(4.11) (2.52)	April 2006	
Inflation Hedging:												
REITS:												
Cohen & Steers vs. Dow Jones Wilshire Real Estate Securities	939.3	3.63 0.06	6.39 0.04	11.38 1.03	19.06 0.90	-	-	-	-	25.60 1.59	October 2005	
Morgan Stanley REIT vs. Dow Jones Wilshire Real Estate Securities	190.8	0.45 (3.13)	0.52 (5.83)	8.89 (1.45)	-	-	-	-	-	7.11 (0.87)	February 2006	
Commodities:												
PIMCO Real Return vs. Dow Jones AIG + 1-10 Year TIPS	334.5	2.70 (0.20)	4.37 (0.20)	5.13 0.16	6.92 0.33	16.06 (0.28)	-	-	-	15.32 (0.25)	January 2004	
Treasury Inflation Protection Securities (TIPS):												
Internal TIPS vs. Lehman Brothers US TIPS Index	296.2	1.79 0.16	2.35 0.14	(0.17) (0.01)	(0.05) 0.00	2.04 (0.06)	-	-	-	4.00 0.22	July 2004	
PIMCO TIPS vs. Lehman Brothers US TIPS Index	414.6	1.70 0.07	2.15 (0.06)	0.22 0.38	0.52 0.69	2.38 0.28	-	-	-	3.23 0.42	August 2004	
Reams TIPS vs. Lehman Brothers US TIPS Index	271.8	1.80 0.17	2.46 0.25	0.24 0.40	0.46 0.63	1.21 1.71	-	-	-	2.46 2.13	May 2005	
Fixed Income:												
Internal - Harland Doak vs. Credit Related Composite Index	156.0	1.52 0.06	1.73 0.29	0.07 (0.21)	(0.14) (0.27)	0.38 (0.29)	3.85 (0.03)	4.53 (0.89)	-	5.11 (0.77)	February 2001	
Internal - Russ Kampf vs. Lehman Brothers Aggregate Bond Index	484.2	1.40 0.04	1.79 0.34	0.46 (0.15)	0.24 (0.38)	1.34 (0.12)	2.74 (0.94)	3.56 (1.23)	-	5.41 (1.01)	February 2000	
Total Internally Managed Fixed Income vs. Lehman Brothers Aggregate Bond Index	640.3	1.42 0.07	1.75 0.29	0.40 (0.22)	0.17 (0.45)	1.12 (0.34)	3.35 (0.33)	4.11 (0.68)	-	5.92 (0.50)	February 2000	
Global Advisors vs. Lehman Brothers Aggregate Bond Index	193.1	1.19 (0.16)	-	-	-	-	-	-	-	1.47 (0.10)	May 2006	
GMO Emerging Debt Fund vs. JP Morgan Emerging Bond Index Global	12.3	3.37 0.09	1.23 0.08	3.08 1.73	5.19 2.63	12.33 4.01	-	-	-	19.96 6.39	May 2004	
PIMCO Fixed Income vs. PIMCO Composite Benchmark	818.3	1.48 0.44	1.30 (0.19)	2.63 0.83	3.15 0.73	3.35 0.93	7.07 0.95	8.26 0.75	-	7.09 1.00	March 1998	
PIMCO PARS III vs. LIBOR BBA USD 1 Month Index	142.8	0.82 0.38	1.06 (0.21)	-	-	-	-	-	-	1.97 0.31	March 2006	
Reams Core Plus vs. Lehman Brothers Aggregate Bond Index	479.6	1.45 0.10	1.83 0.38	1.08 0.47	1.27 0.65	2.28 0.82	-	-	-	1.70 0.77	May 2005	

TAB 3-B

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Agenda Item: Liquidity Profile

Developed By: Moeller, Childers

Presented By: Iberg

Type of Item: Information Item

Description: The reports presented are for the period ended July 31, 2006.

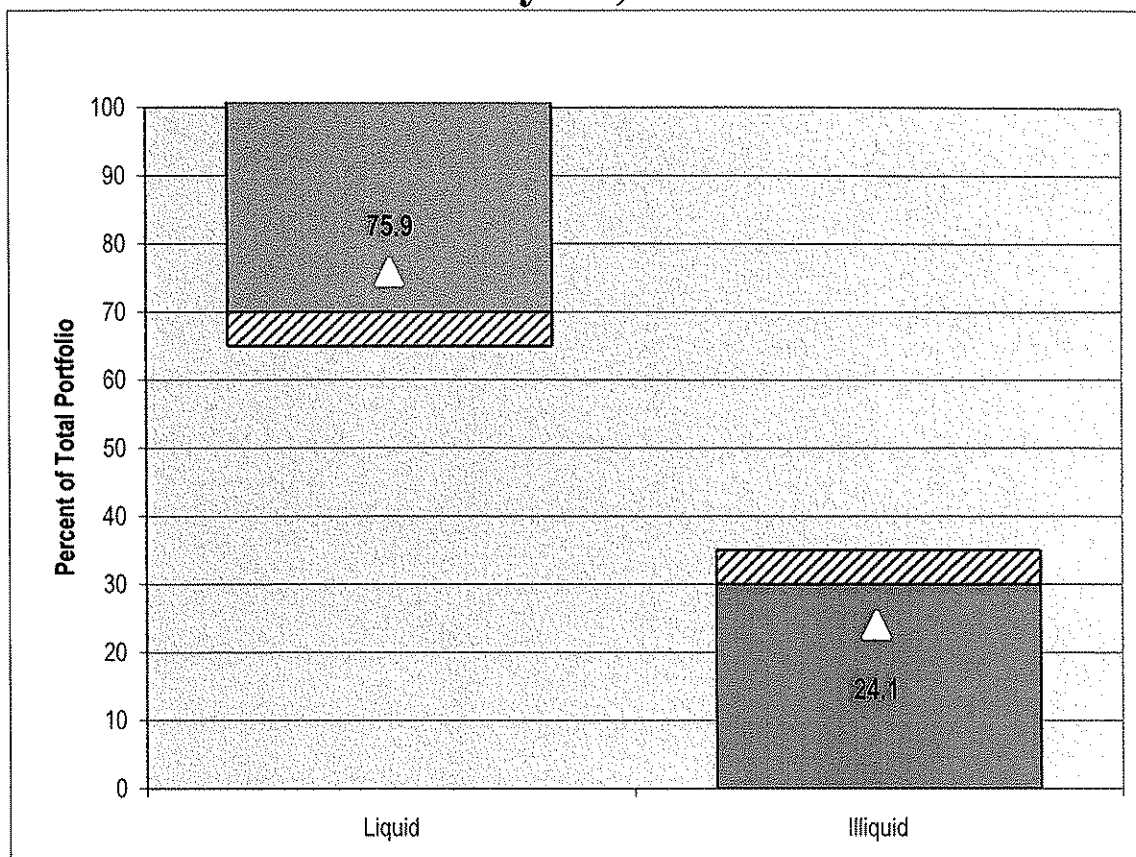
Discussion: As of July 31, 2006 endowment fund assets classified as liquid were 75.9% of the total assets, and those classified as illiquid were 24.1% of total assets. For the ITF, 88.2% of the total assets were classified as liquid, and 11.8% were classified illiquid.

Recommendation: No action required.

Reference: Combined Liquidity Profile-Endowment Funds, PUF Liquidity Profile, GEF Liquidity Profile, ITF Liquidity Profile, Certification of PUF, GEF and ITF Liquidity Profiles, Illiquid Investments Approved/Delegated or Funded from Last Report to UTIMCO Board, Endowments Actual Liquidity Classification, and ITF Actual Liquidity Classification.

Combined Liquidity Profile - Endowment Funds

July 31, 2006



Current:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	12,027,545,716.11	75.9	11,944,360,456.80	75.8
Illiquid	3,822,564,808.62	24.1	3,807,885,353.03	24.2
	<u>15,850,110,524.73</u>	<u>100.0</u>	<u>15,752,245,809.83</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	11,964,411,586.11	75.5	11,944,360,456.80	75.8
Illiquid	3,885,698,938.62	24.5	3,807,885,353.03	24.2
	<u>15,850,110,524.73</u>	<u>100.0</u>	<u>15,752,245,809.83</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in a orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

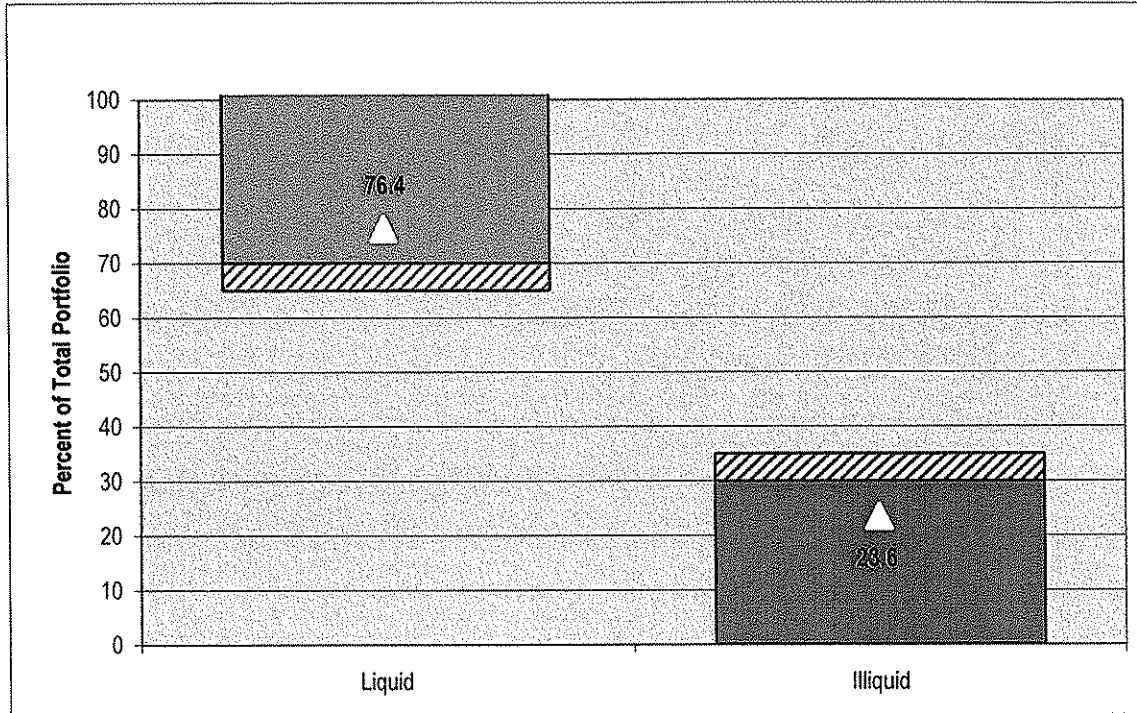
I, Andrew R. [Signature], as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Joan Moller [Signature], as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, Cathy [Signature], as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

PUF Liquidity Profile

July 31, 2006



Current:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	7,890,481,160.53	76.4	7,836,270,255.39	76.3
Illiquid	2,442,746,815.14	23.6	2,432,452,912.67	23.7
	<u>10,333,227,975.67</u>	<u>100.0</u>	<u>10,268,723,168.06</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	7,849,607,370.53	76.0	7,836,270,255.39	76.3
Illiquid	2,483,620,605.14	24.0	2,432,452,912.67	23.7
	<u>10,333,227,975.67</u>	<u>100.0</u>	<u>10,268,723,168.06</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in a orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

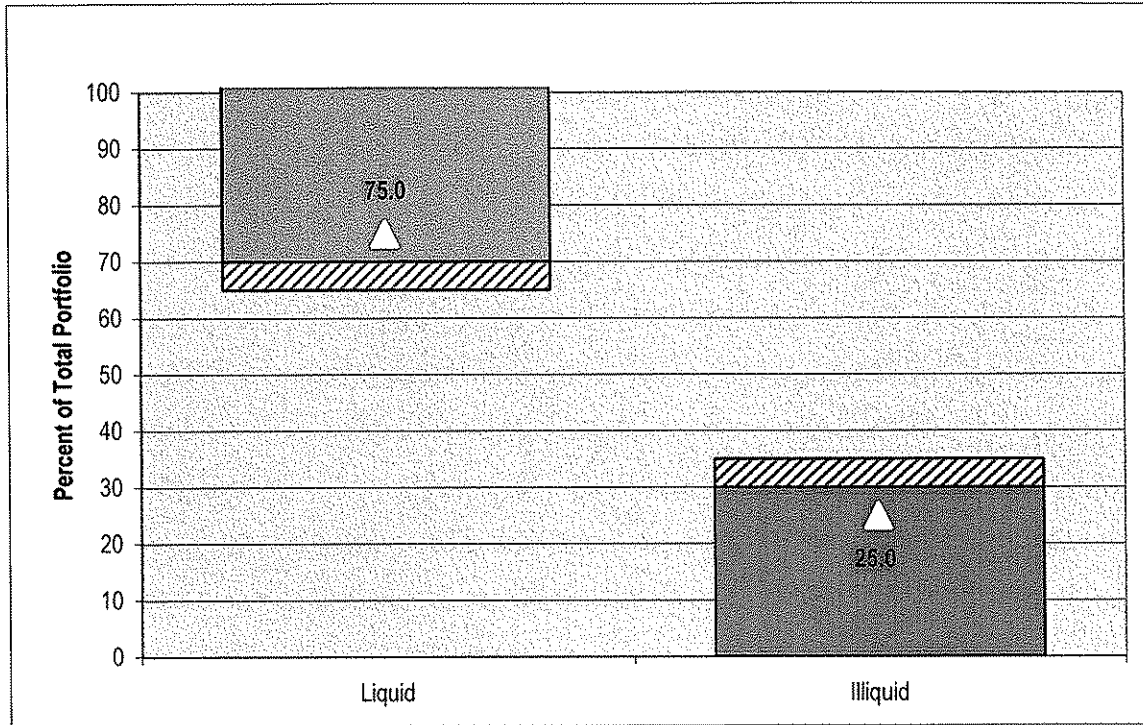
I, Alan V. Bell, as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Joan Moellen, as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, Cathy Berg, as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

GEF Liquidity Profile

July 31, 2006



Current:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	4,137,064,555.58	75.0	4,108,090,201.41	74.9
Illiquid	1,379,817,993.48	25.0	1,375,432,440.36	25.1
	<u>5,516,882,549.06</u>	<u>100.0</u>	<u>5,483,522,641.77</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	4,114,804,215.58	74.6	4,108,090,201.41	74.9
Illiquid	1,402,078,333.48	25.4	1,375,432,440.36	25.1
	<u>5,516,882,549.06</u>	<u>100.0</u>	<u>5,483,522,641.77</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in a orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

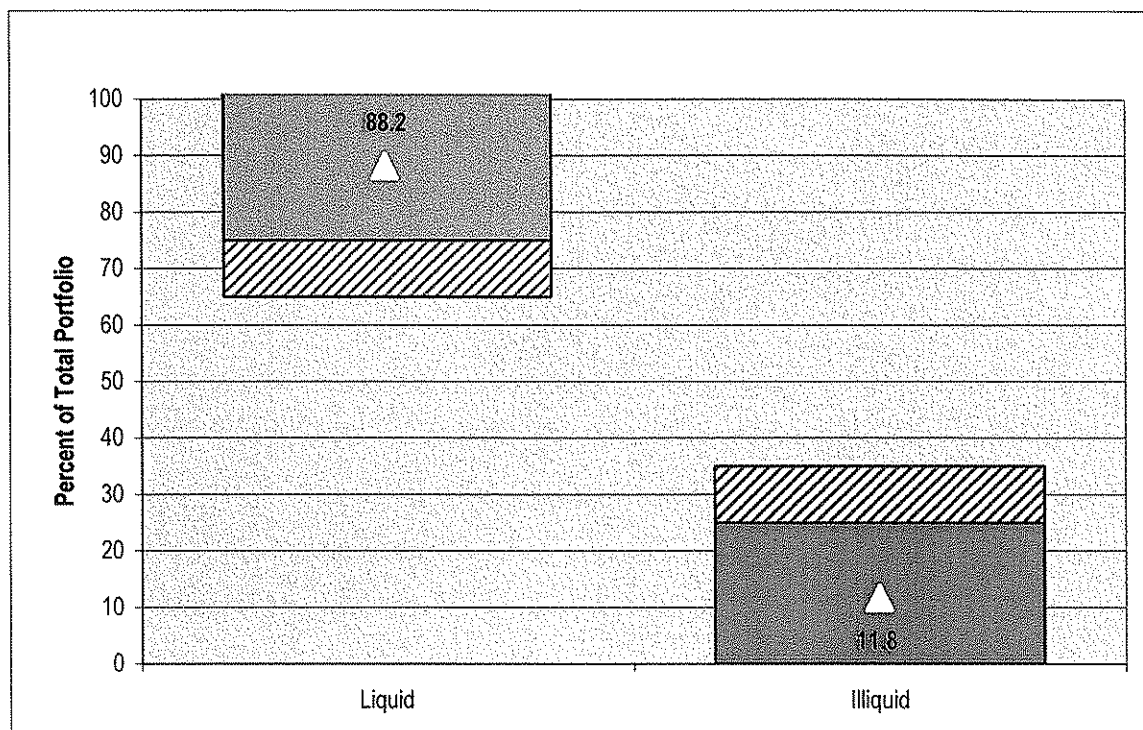
I, And R. Ral, as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Joan Mollen, as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, Cathy Berg, as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

ITF Liquidity Profile

July 31, 2006



Current:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	2,923,439,065.18	88.2	2,821,462,980.81	87.8
Illiquid	391,759,689.00	11.8	390,970,797.14	12.2
	<u>3,315,198,754.18</u>	<u>100.0</u>	<u>3,212,433,777.95</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	7/31/2006		6/30/2006	
	Market Value	Percent	Market Value	Percent
Liquid	2,911,573,195.18	87.8	2,821,462,980.81	87.8
Illiquid	403,625,559.00	12.2	390,970,797.14	12.2
	<u>3,315,198,754.18</u>	<u>100.0</u>	<u>3,212,433,777.95</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in an orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

I, Andrew R. Bell, as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

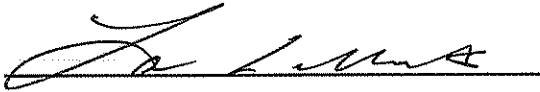
I, Joan Mollen, as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, Cathy Berg, as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

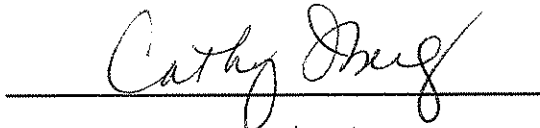
Liquidity Profile for PUF, GEF and ITF

July 31, 2006

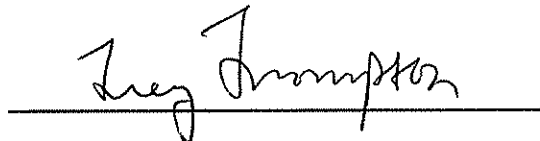
I certify that I have reviewed the report and supporting documentation covered by the period listed above and concur with the liquidity classifications of the investments that I have for which I have responsibility.

 Larry Goldsmith, Managing Director - Public Markets

9/5/06 Date

 Cathy Iberg, Managing Director - Marketable Alternatives

9/5/06 Date

 Trey Thompson, Managing Director - Non-Marketable Alternatives

9-5-06 Date

**Illiquid investments approved/delegated or funded from last report to UTIMCO Board through current
report date
May 1 through July 31, 2006**

<u>Private Equity investments</u>	Board Approved/ Delegated	Committed Amount		Funded Amount	
		PUF	GEF	PUF	GEF
PTV Sciences II, L.P.	5/2/2006	\$ 35,000,000.00	\$ 15,000,000.00	\$ 699,682.97	\$ 299,864.13
Cortec Group Fund IV	6/22/2006	\$ 35,000,000.00	\$ 15,000,000.00	\$ 1,202,778.00	\$ 515,476.00
TDR Capital II, L.P.*	6/26/2006	\$ 44,058,000.00	\$ 18,882,000.00		
Centerbridge Capital Partners, L.P.	6/30/2006	\$ 35,000,000.00	\$ 15,000,000.00		
Francisco Partners II, L.P.	6/30/2006	\$ 28,000,000.00	\$ 12,000,000.00	\$ 630,000.00	\$ 270,000.00
Triton Fund II, L.P.*	7/17/2006	\$ 26,292,000.00	\$ 11,268,000.00		

*Euro denominated commitments to Non US funds are converted to US dollars using the exchange rate in effect on the closing date.

Public Markets

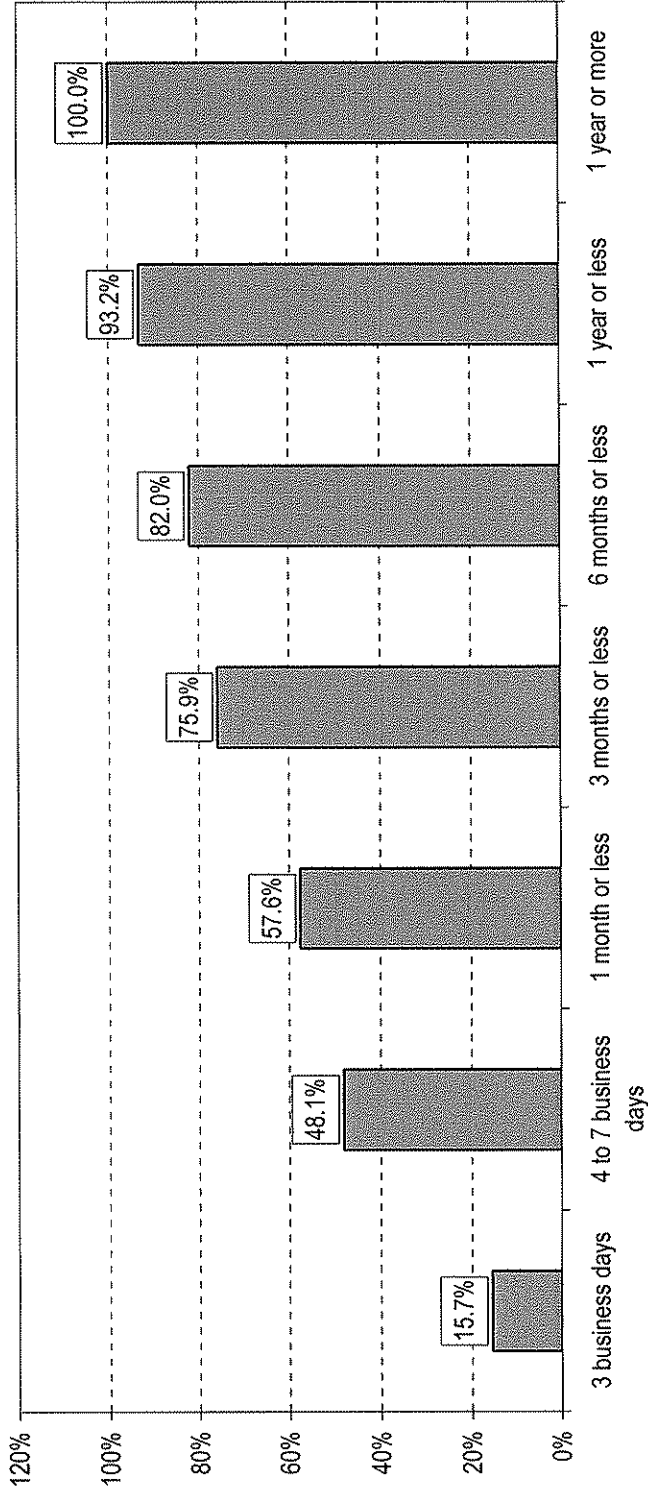
None

<u>Marketable Alternative investments</u>	Hedge Fund Pool Committed Amount	Hedge Fund Pool Funded Amount
None	\$ -	\$ -

Change in investment's liquidity classification

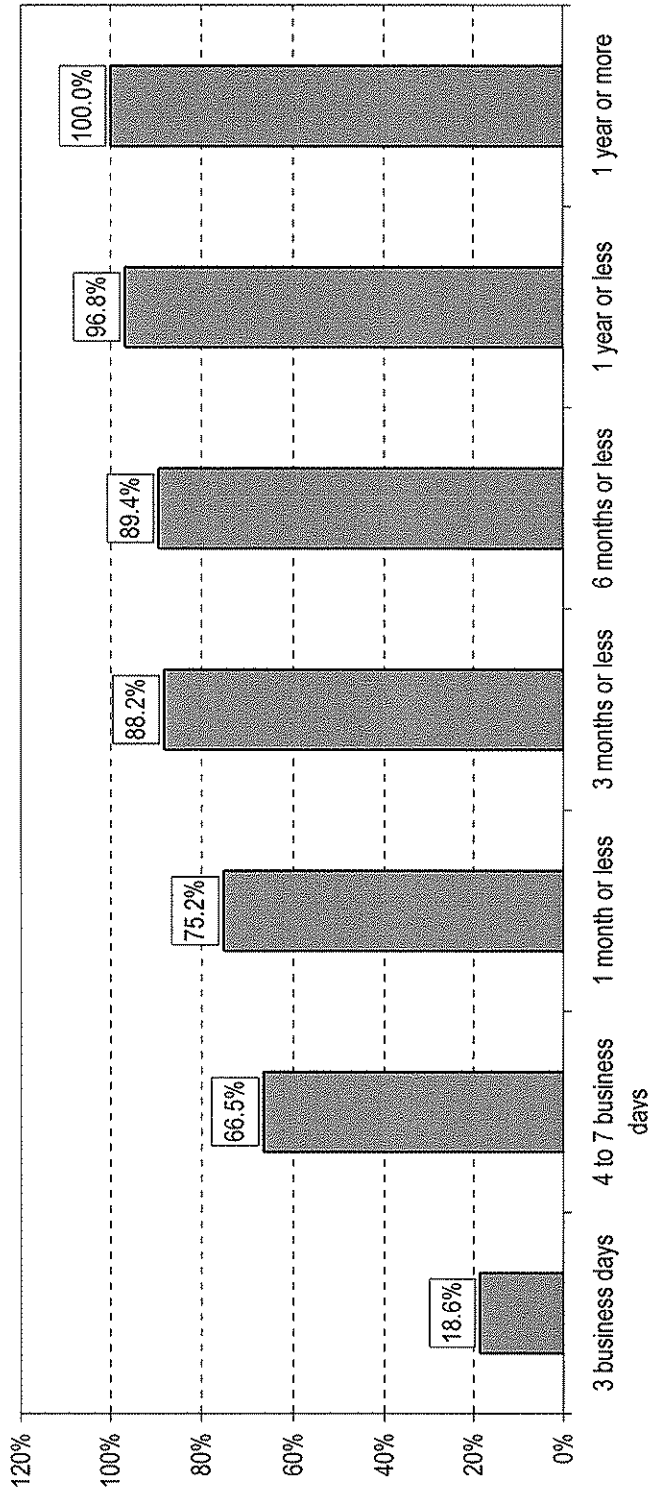
None

UT Endowments (PUF & GEF) Actual Liquidity Classification
as of July 31, 2006



<u>Classification Period</u>	<u>Assets</u>	<u>%</u>	<u>Cumulative Assets</u>	<u>%</u>
Liquid:				
3 business days	2,481,033,156	15.7%	2,481,033,156	15.7%
4 to 7 business days	5,146,736,639	32.5%	7,627,769,795	48.1%
1 month or less	1,495,200,206	9.4%	9,122,970,001	57.6%
3 months or less	2,904,575,715	18.3%	12,027,545,716	75.9%
6 months or less	973,802,351	6.1%	13,001,348,067	82.0%
1 year or less	1,775,963,006	11.2%	14,777,311,073	93.2%
1 year or more	1,072,799,452	6.8%	15,850,110,525	100.0%
Illiquid:				
6 months or less	973,802,351	6.1%	13,001,348,067	82.0%
1 year or less	1,775,963,006	11.2%	14,777,311,073	93.2%
1 year or more	1,072,799,452	6.8%	15,850,110,525	100.0%
Total	15,850,110,525	100.0%		

ITF Actual Liquidity Classification
as of July 31, 2006



Classification Period	Assets	%	Cumulative Assets	%
Liquid:				
3 business days	616,259,359	18.6%	616,259,359	18.6%
4 to 7 business days	1,588,603,398	47.9%	2,204,862,757	66.5%
1 month or less	287,387,007	8.7%	2,492,249,764	75.2%
3 months or less	431,189,302	13.0%	2,923,439,065	88.2%
Illiquid:				
6 months or less	40,421,968	1.2%	2,963,861,034	89.4%
1 year or less	246,497,324	7.4%	3,210,358,358	96.8%
1 year or more	104,840,397	3.2%	3,315,198,754	100.0%
	3,315,198,754	100.0%		

TAB 3-C

Agenda Item
UTIMCO Board Meeting
September 22, 2006

Agenda Item: Discussion of Risk Dashboard

Developed By: Iberg, Reed

Presented By: Iberg, Reed

Type of Item: Information Item

Description: UTIMCO has developed a set of standardized charts and graphs that will be provided to the Board on a monthly basis presenting a comprehensive risk analysis of the Endowment Funds. UTIMCO has now included the analysis for the ITF.

For this Board Meeting we will present the Risk Dashboard for July 2006.

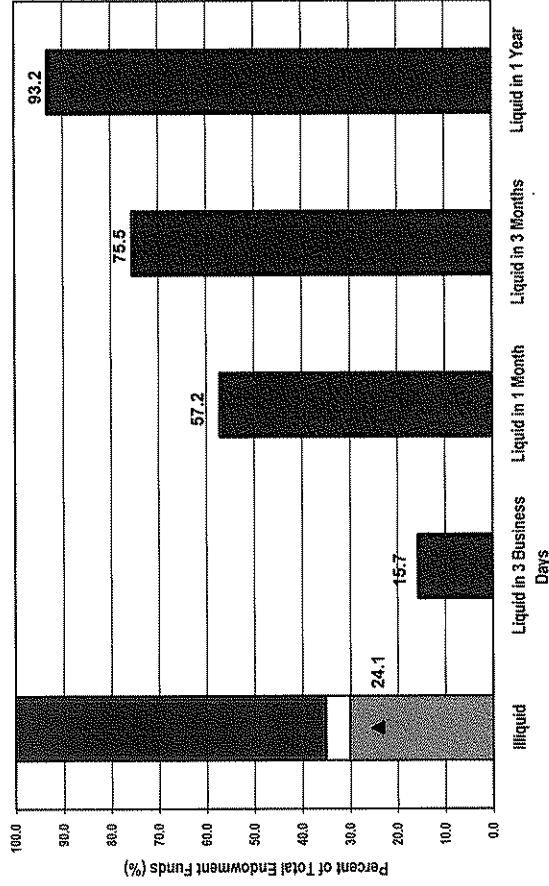
Discussion: The role of the Dashboard is to give Board Members a comprehensive view of risk as it relates to the Endowment Funds and ITF. We consider this an evolving document and welcome all requests for additional analyses or revisions of the ones provided.

Recommendation: None

Reference: None

Liquidity Risk Summary

Liquidity Profile of Total Endowment Funds (PUF & GEF)

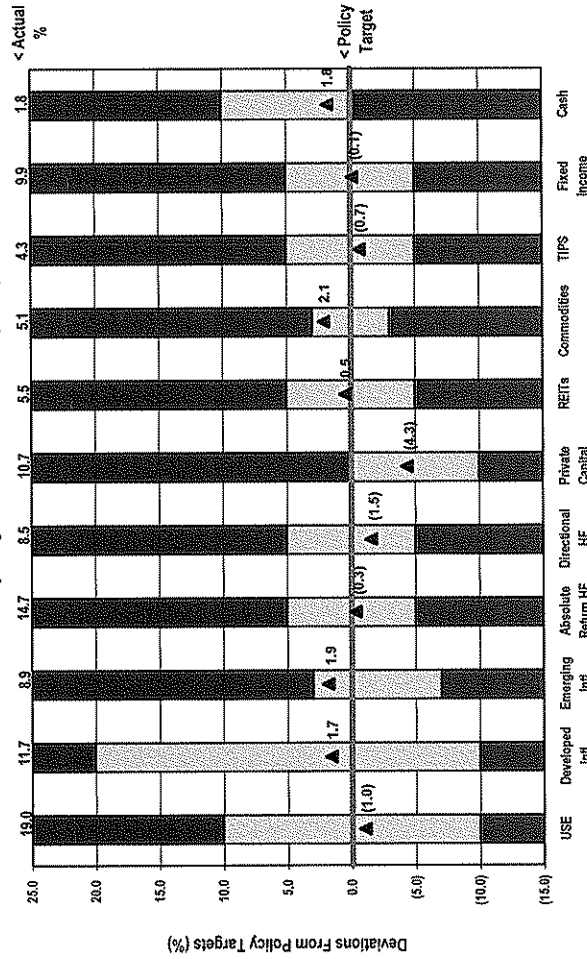


Investment Risk Summary

Net Leverage	1.00
Gross Leverage	1.20
Risk Capacity Utilization Versus Policy Portfolio Change Since Last Report	89% \updownarrow
Risk Level of Policy Portfolio Relative to Long Term Assumptions Change Since Last Report	78% \updownarrow
Risk Level of Actual Portfolios Relative to Long Term Assumptions Change Since Last Report	67% \updownarrow

Dollar Allocations and Tactical Policy Ranges

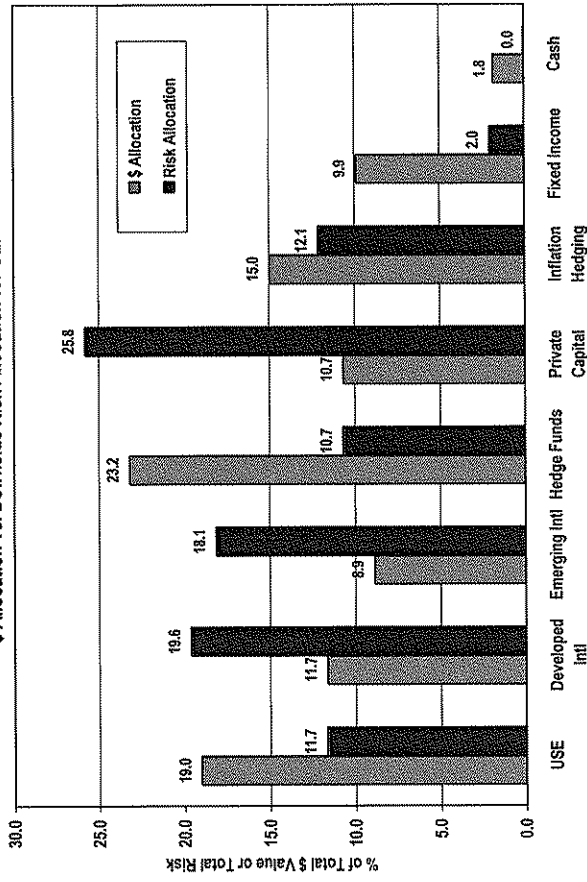
Deviations From Policy Targets Within Tactical Policy Ranges for GEF

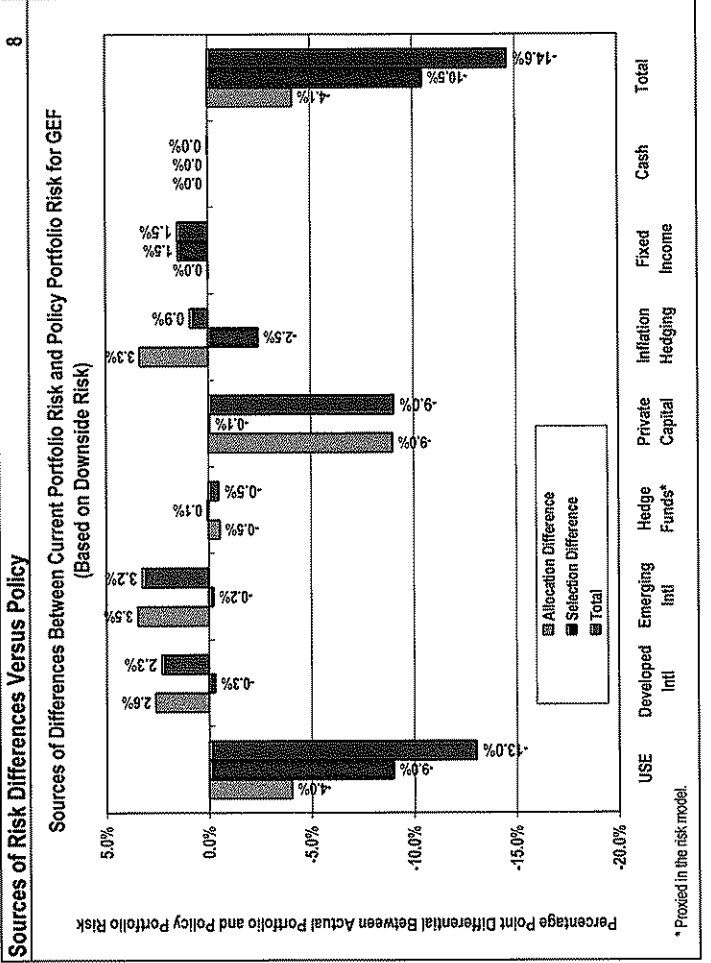
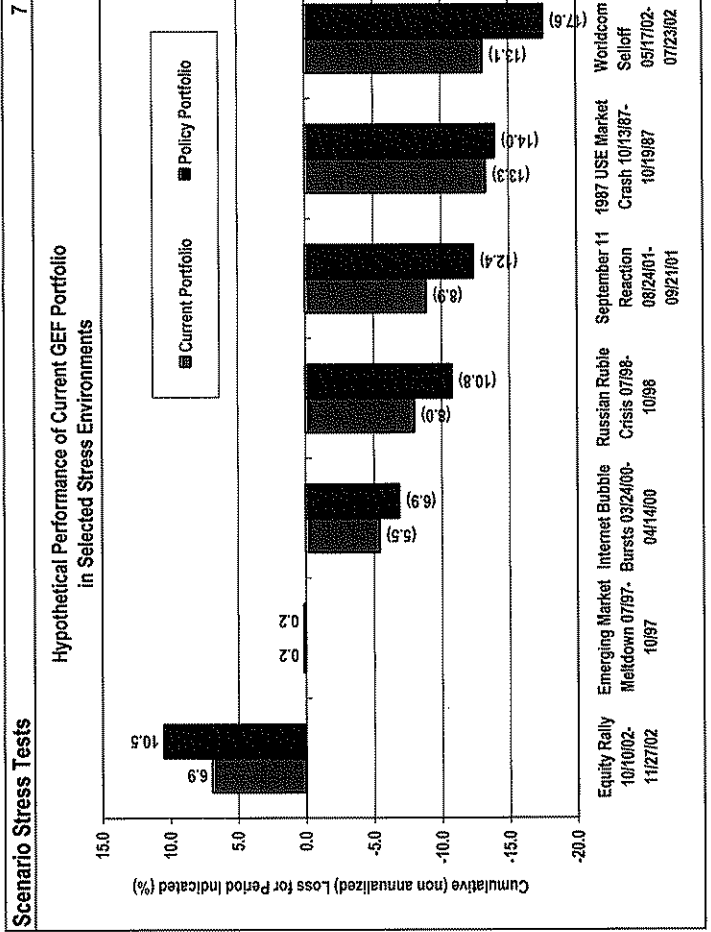
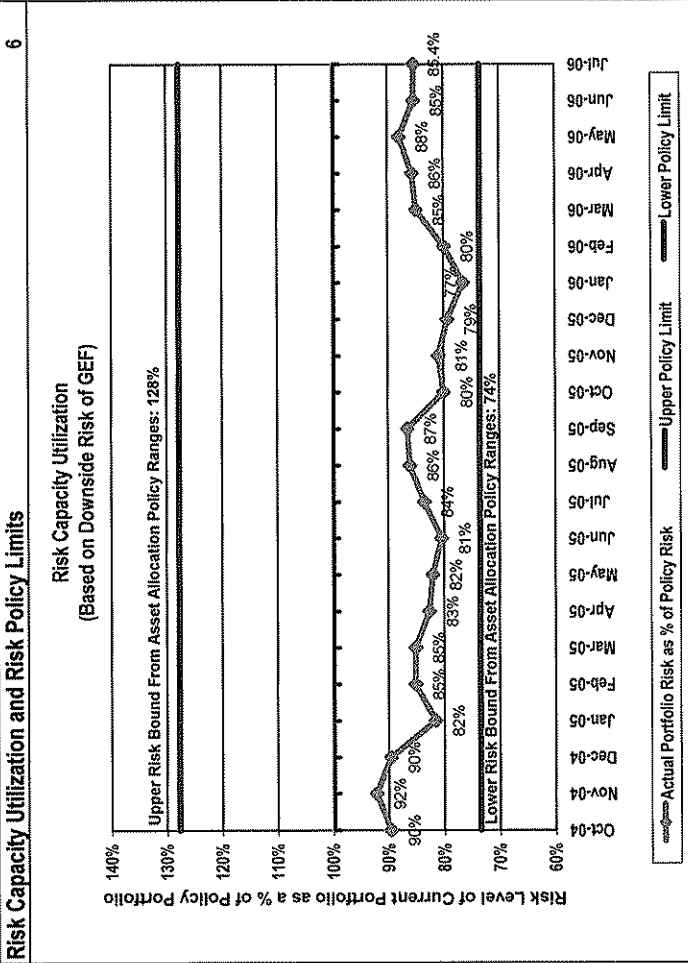
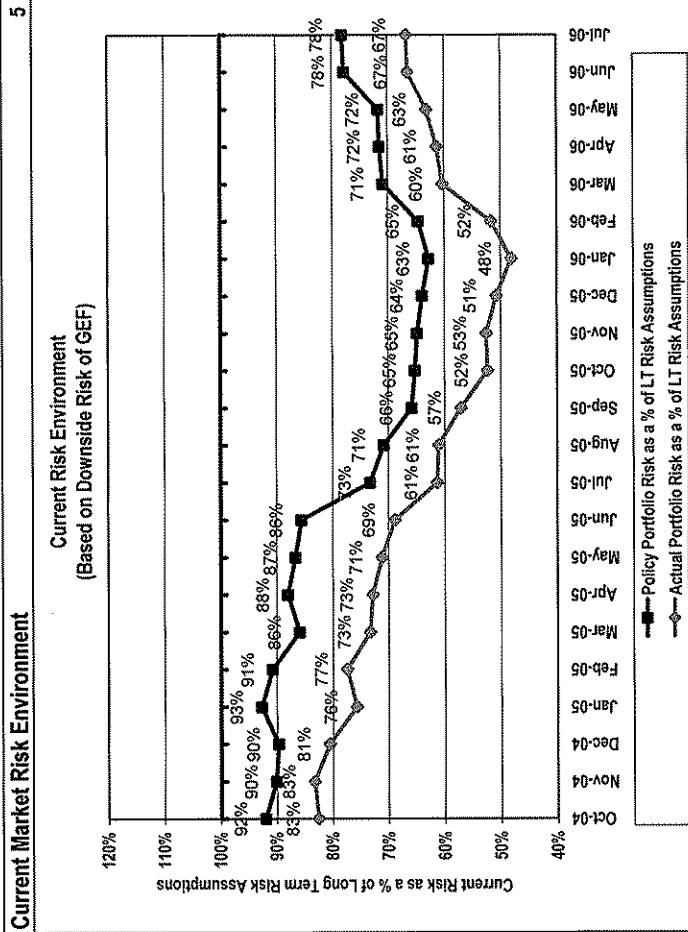


Dollar Allocations Compared to Risk Allocations

Asset Category Allocations

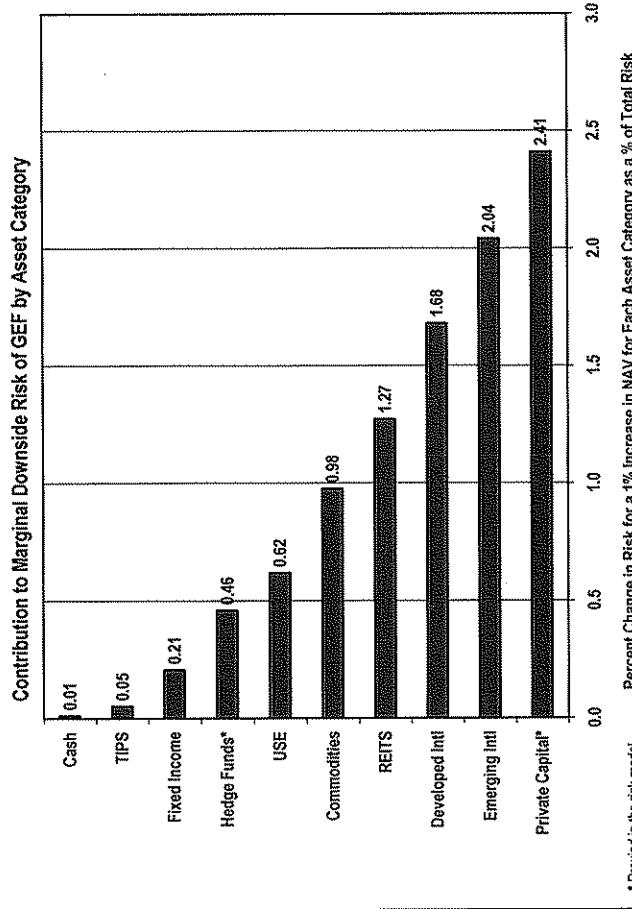
\$ Allocation vs. Downside Risk Allocation for GEF



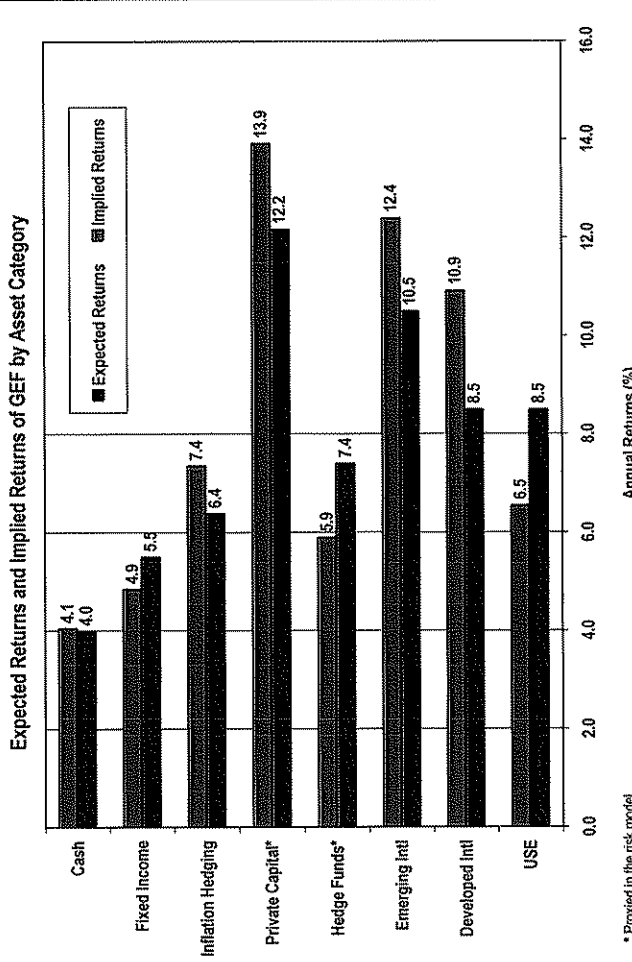


9

Marginal Risk Contributions of Each Asset Category



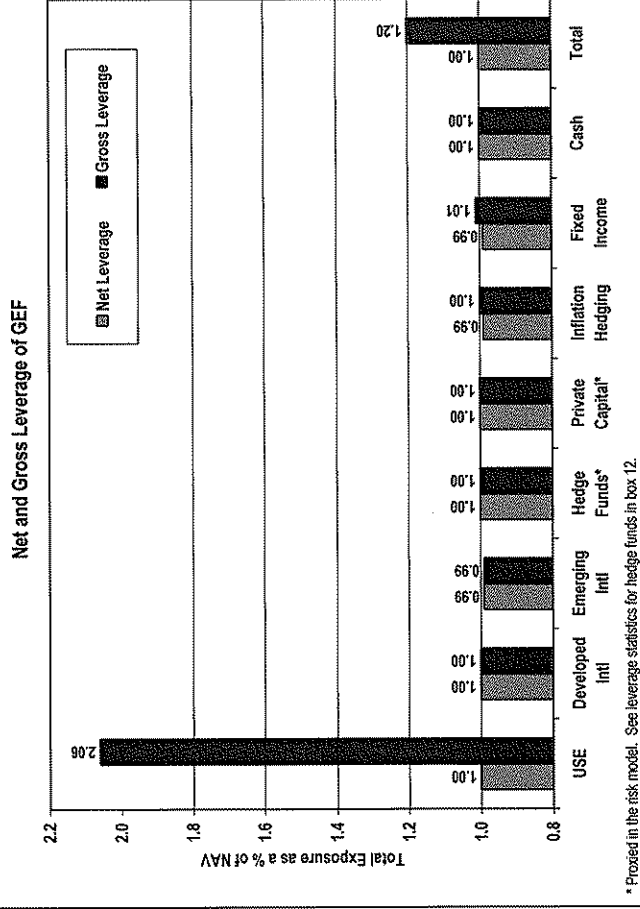
Long Term Expected Returns vs. Implied Returns by Asset Category



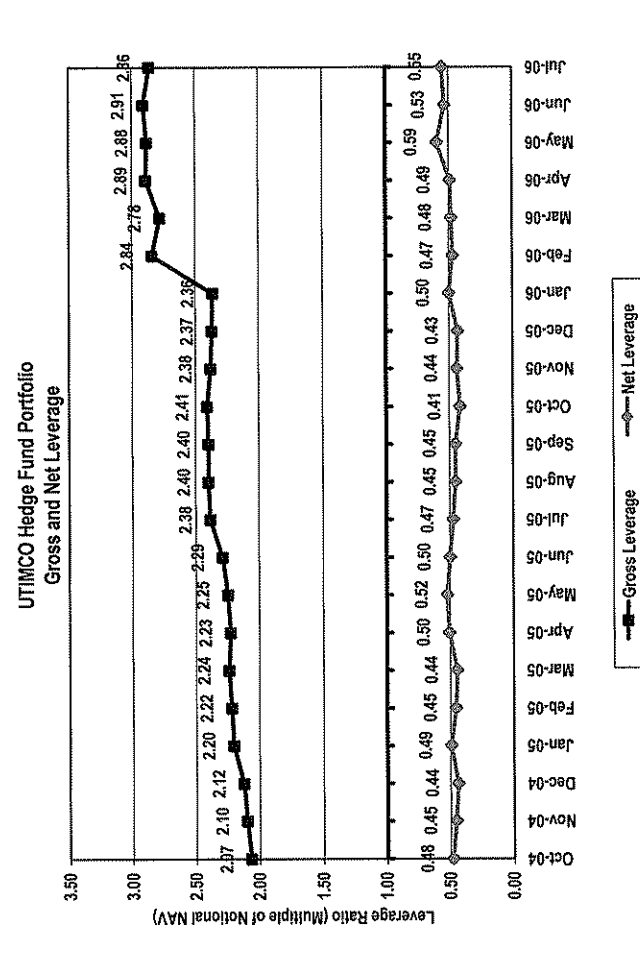
10

11

Net and Gross Leverage of GEF



Hedge Fund Leverage



12

Investment Risk Summary

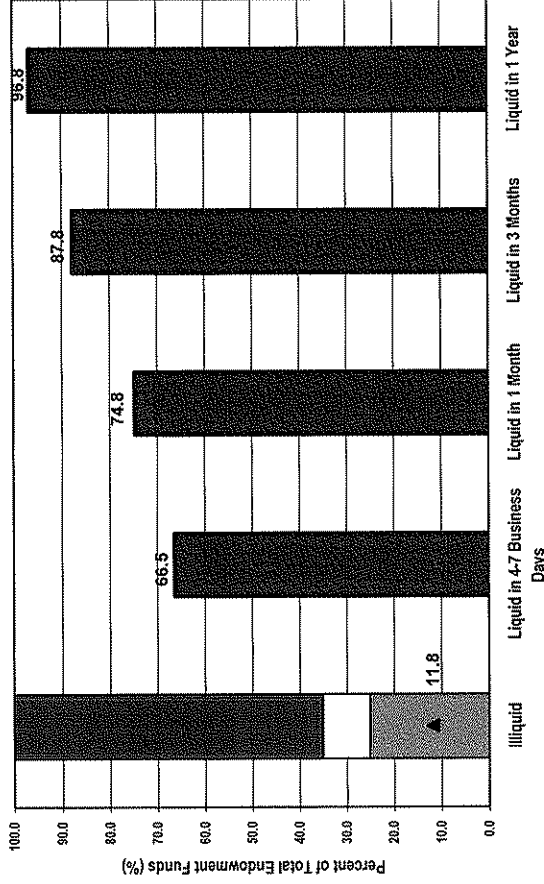
1

Net Leverage	1.00
Gross Leverage	1.10
Risk Capacity Utilization Versus Policy Portfolio Change Since Last Report	96%
Risk Level of Policy Portfolio Relative to Long Term Assumptions Change Since Last Report	77%
Risk Level of Actual Portfolios Relative to Long Term Assumptions Change Since Last Report	74%

Liquidity Risk Summary

2

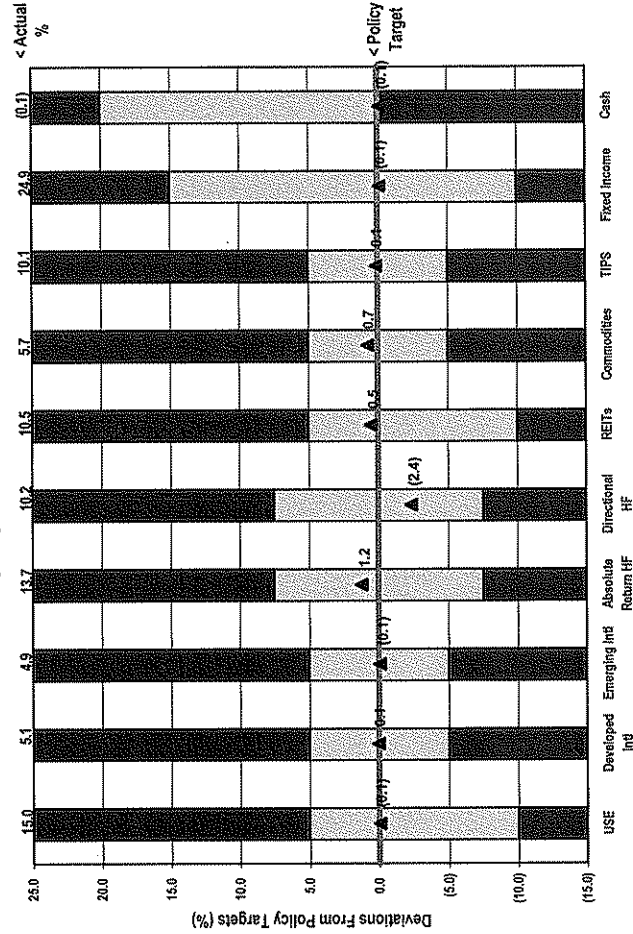
Liquidity Profile of the ITF



Dollar Allocations and Tactical Policy Ranges

3

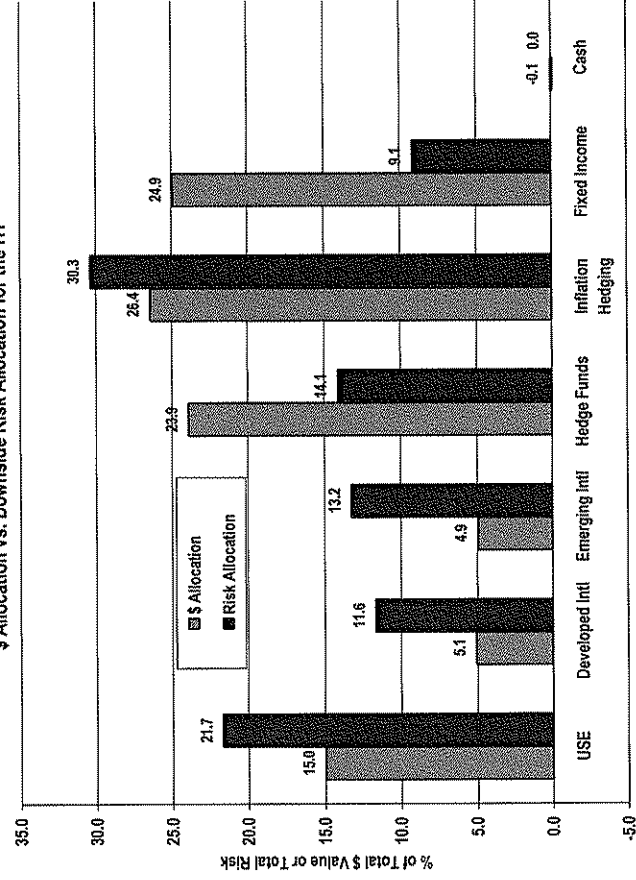
Deviations From Policy Targets Within Tactical Policy Ranges for ITF

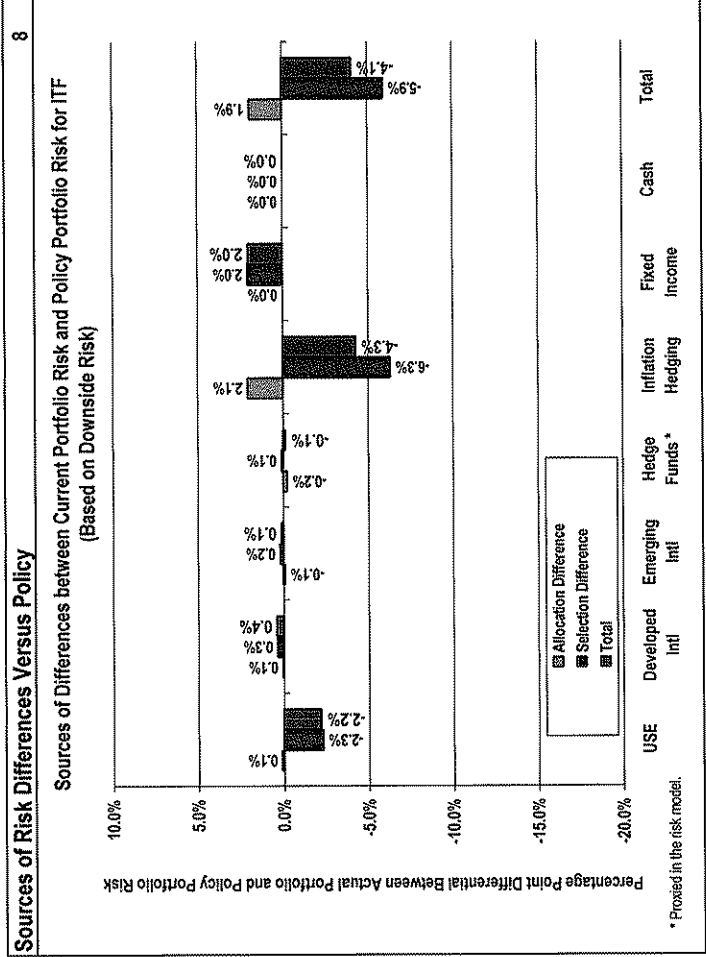
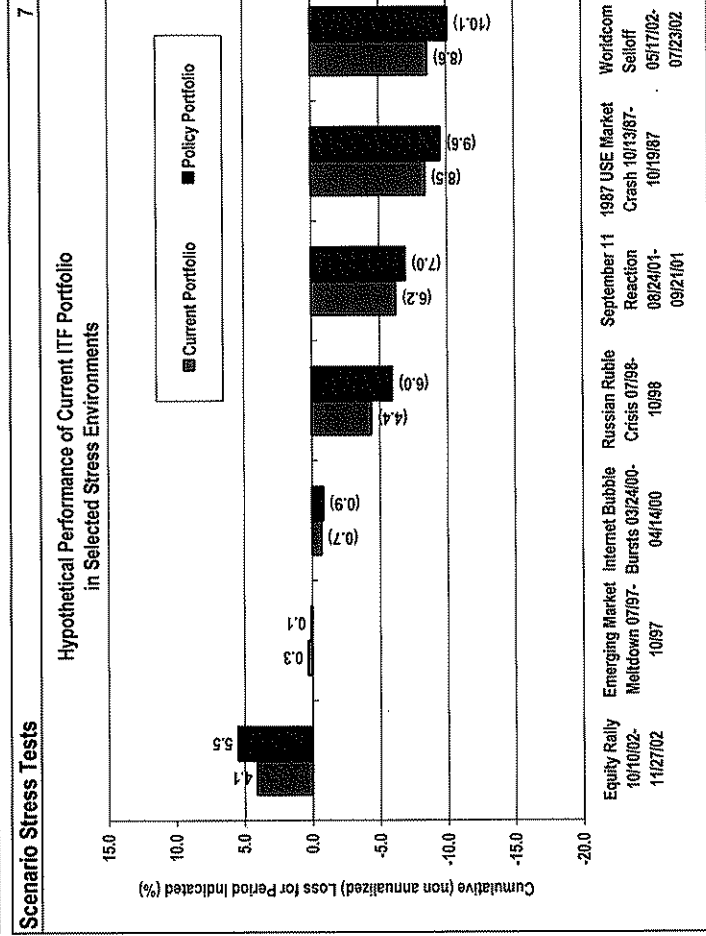
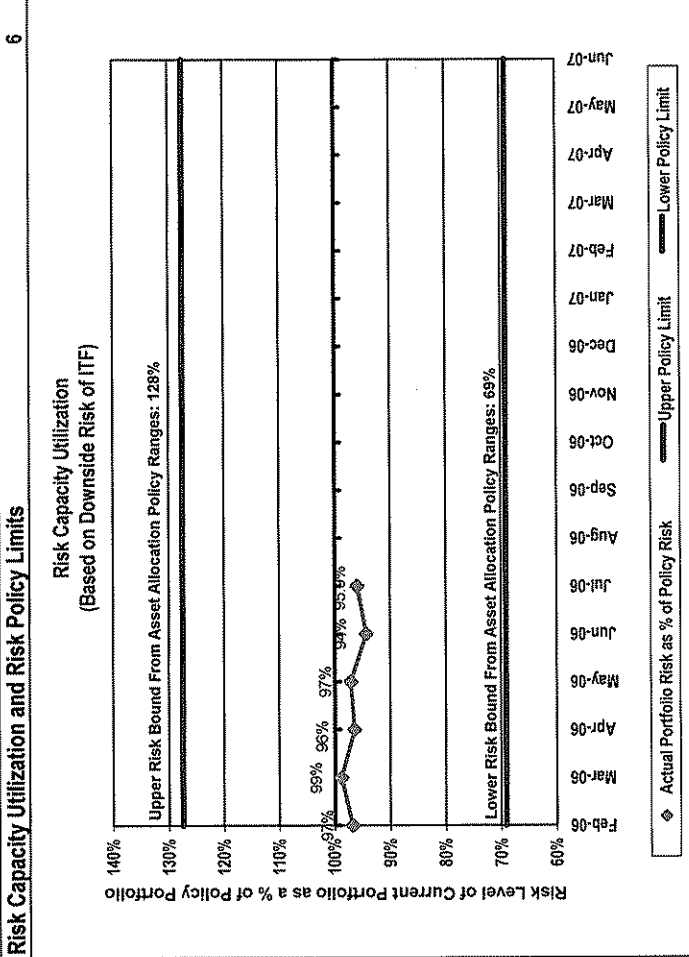
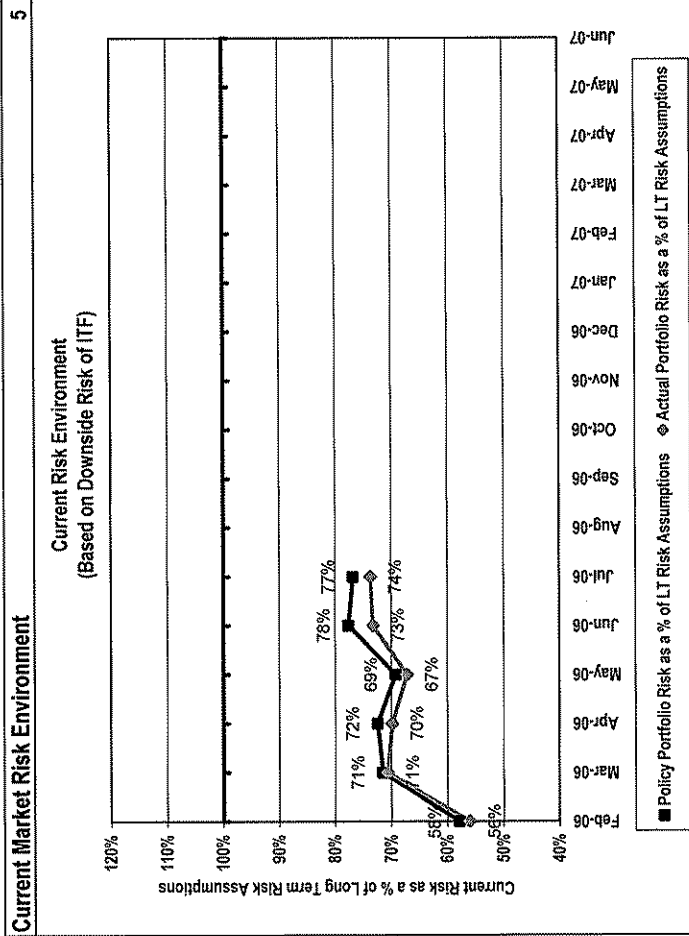


Dollar Allocations Compared to Risk Allocations

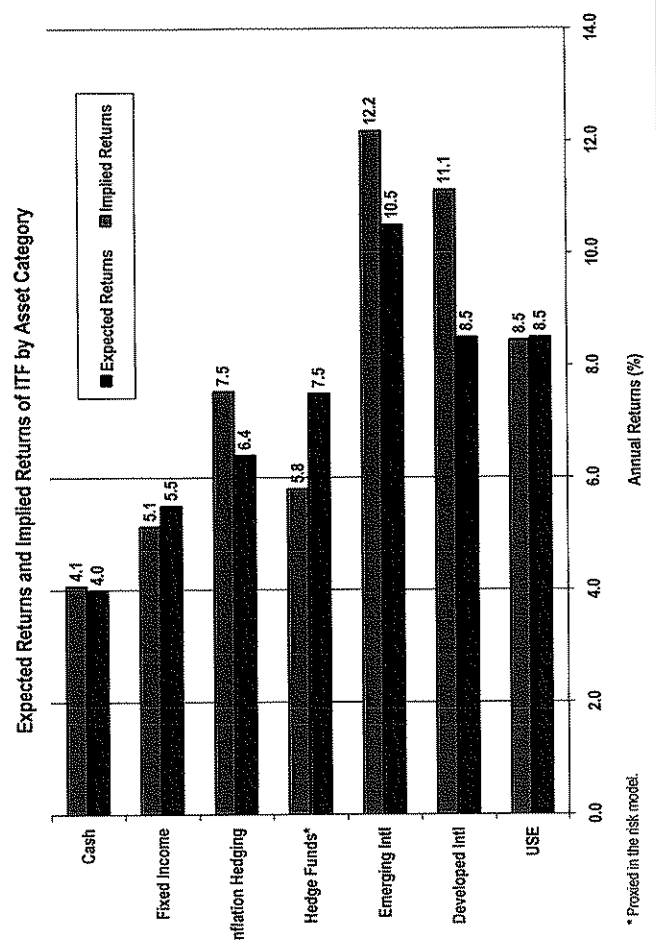
4

Asset Category Allocations
\$ Allocation vs. Downside Risk Allocation for the ITF

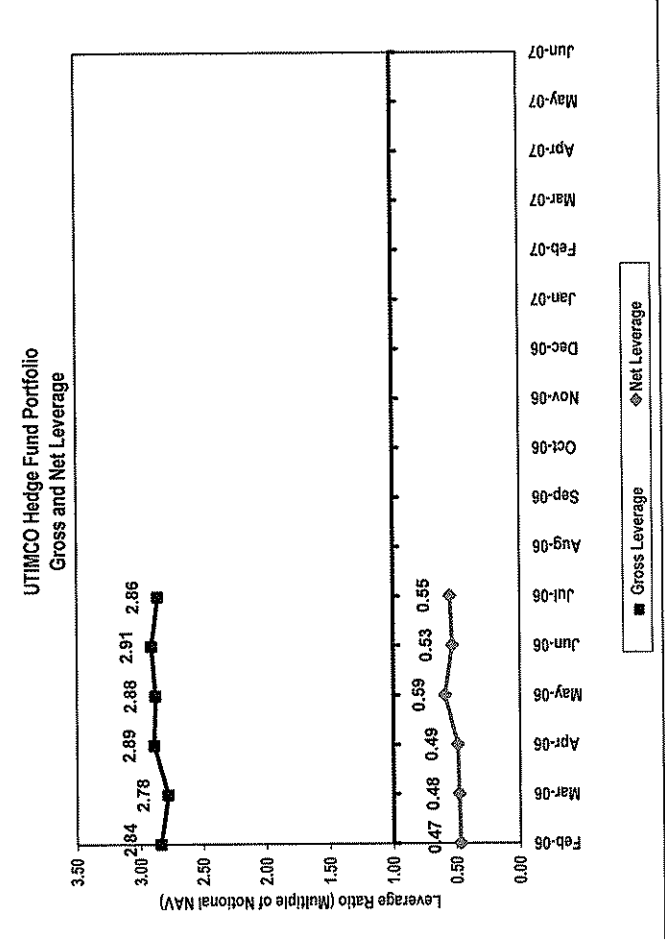




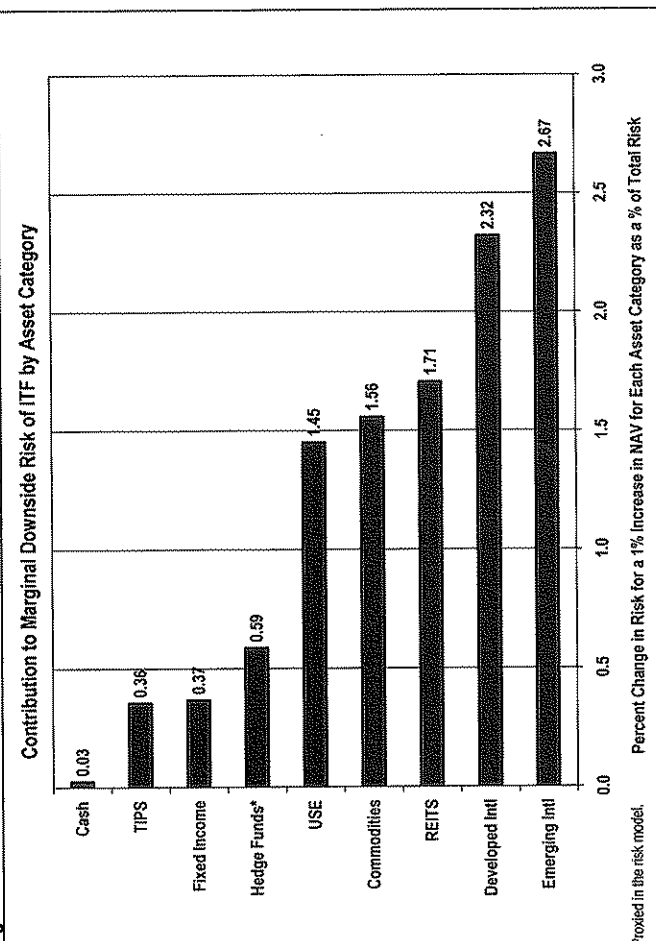
Long Term Expected Returns vs. Implied Returns by Asset Category 10



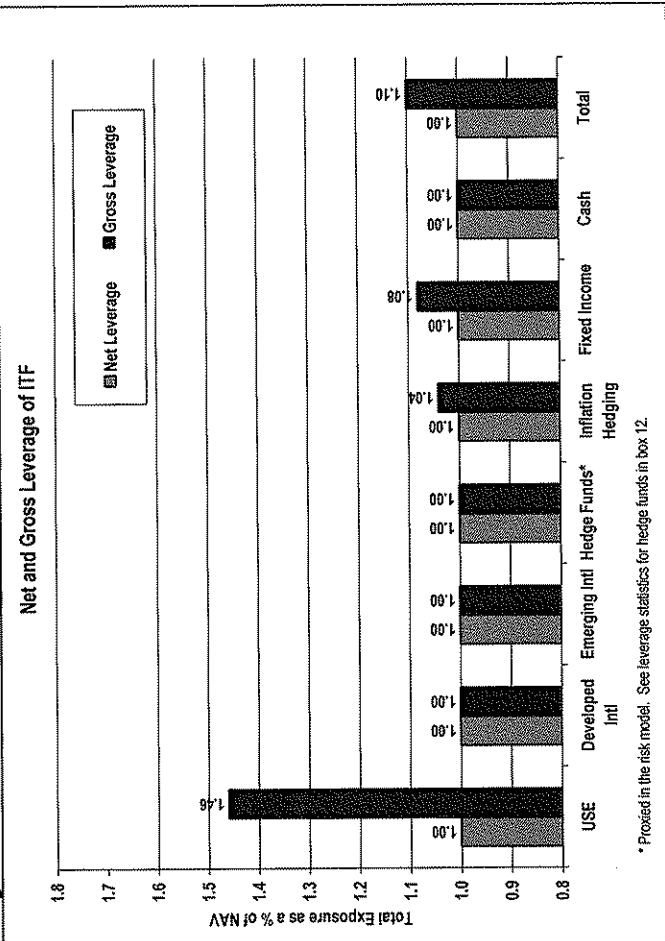
Hedge Fund Leverage 12



Marginal Risk Contributions of Each Asset Category 9



Net and Gross Leverage of ITF 11



TAB 3-D

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Agenda Item: Comprehensive Derivative Report

Developed By: Goldsmith, Shah, Childers, Reed

Presented By: Iberg

Type of Item: Information Item

Description: The Derivative Investment Policy ("Policy") requires that UTIMCO provide a comprehensive report of all approved derivative applications for both internal managers and external managers under agency agreements and also provide a comprehensive report of all outstanding derivatives positions established by internal managers and external managers under agency agreements. Staff has also prepared a report on counterparties. The reports presented are for the period ended July 31, 2006.

Discussion: As of July 31, 2006, net mark-to-market values of derivatives (internal and external) was negative \$62.0 million.

The mark-to-market value of over-the-counter options was negative \$66.4 million. While \$74.0 million was owed to counterparties by the PUF, GEF and ITF (Funds), \$7.6 million was owed by counterparties to the Funds. This \$7.6 million owed to the Funds represents the Funds' counterparty risk. There were no counterparties with exposure to the Funds in excess of 1% of the Funds' value.

Recommendation: No action required.

Reference: Comprehensive Derivatives Report; Comprehensive Report on Approved Derivative Applications; and Derivatives Counterparty Report.

Comprehensive Derivatives Report as of July 31, 2006

Manager	Derivative Type	Mark-to-Market				Net Notional Value on Futures	Gross Notional Value on Futures	Delta Equivalent on Options
		OTC	Exchange Traded	Total Derivatives				
INTERNAL MANAGERS								
Canadian No Cost Collar	Currency Forwards	\$ 352,595.51	\$ -	\$ 352,595.51	\$ -	\$ -	\$ -	-
Canadian No Cost Collar	Purchased Option	121,822.50	-	121,822.50	-	-	-	(2,503,311.17)
Canadian No Cost Collar	Written Options	(1,667,083.50)	-	(1,667,083.50)	-	-	-	(31,220,214.23)
Dow Jones Futures	Futures	-	(163,440.00)	(163,440.00)	76,476,300.00	76,476,300.00	-	-
Emerging Cash	Written Options	(2,325,547.08)	-	(2,325,547.08)	-	-	-	8,985,717.00
Emerging Mkts No Cost Collar	Purchased Option	14,632,056.50	-	14,632,056.50	-	-	-	(46,520,522.14)
Emerging Mkts No Cost Collar	Written Options	(23,940,815.46)	-	(23,940,815.46)	-	-	-	(40,927,457.86)
Emerging Markets Proxy	Currency Forwards	(217,039.34)	-	(217,039.34)	-	-	-	-
Emerging Markets Proxy	Futures	-	(11,170.14)	(11,170.14)	49,511,102.19	49,511,102.19	-	-
Energy Sector	Written Options	(7,488,591.38)	-	(7,488,591.38)	-	-	-	(14,773,397.86)
European No Cost Collar	Purchased Option	2,483,324.00	-	2,483,324.00	-	-	-	(16,140,775.71)
European No Cost Collar	Written Options	(2,800,341.00)	-	(2,800,341.00)	-	-	-	(3,777,643.57)
Goldman Sachs Commodity Index	Futures	-	15,012,187.50	15,012,187.50	625,612,500.00	625,612,500.00	-	-
GSCI Cash	Written Options	(2,763,749.00)	-	(2,763,749.00)	-	-	-	(6,353,665.50)
Developed Markets Futures	Currency Forwards	2,139,469.55	-	2,139,469.55	-	-	-	-
Developed Markets Futures	Futures	-	(3,274,972.82)	(3,274,972.82)	365,270,839.85	365,270,839.85	-	-
Developed Markets Options	Written Options	(341,033.06)	-	(341,033.06)	-	-	-	5,667,429.26
Japan No Cost Collar	Purchased Option	1,699,291.96	-	1,699,291.96	-	-	-	(17,872,200.71)
Japan No Cost Collar	Written Options	(1,176,647.98)	-	(1,176,647.98)	-	-	-	3,742,838.91
US Equity Small Cap/Large Cap Spread Trade	Futures	-	(4,992,575.02)	(4,992,575.02)	6,319,950.00	3,389,809,150.00	-	-
US No Cost Collar	Purchased Option	78,467,461.82	-	78,467,461.82	-	-	-	(461,190,265.51)
US No Cost Collar	Written Options	(91,714,935.76)	-	(91,714,935.76)	-	-	-	(452,437,079.72)
REIT Cash	Written Options	(1,010,078.51)	-	(1,010,078.51)	-	-	-	3,479,291.00
S&P 500 Futures	Futures	-	(794,375.00)	(794,375.00)	407,291,950.00	407,291,950.00	-	-
US Small Cap Options	Written Options	(3,896,530.36)	-	(3,896,530.36)	-	-	-	(1,914,072.56)
Structured Active Management Application - US Equities	Futures	-	(748,750.00)	(748,750.00)	383,899,100.00	383,899,100.00	-	-

Comprehensive Derivatives Report as of July 31, 2006

Manager	Derivative Type	Mark-to-Market			Net Notional Value on Futures	Gross Notional Value on Futures	Delta Equivalent on Options
		OTC	Exchange Traded	Total Derivatives			
Developed Mkts Structured Swaps	Swaps	(3,728,365.92)	-	(3,728,365.92)	-	-	142,791,663.67
Developed Mkts Structured Swaps	Currency Forwards	(215,643.99)	-	(215,643.99)	-	-	-
Emerging Structured Swaps	Swaps	(26,044,629.31)	-	(26,044,629.31)	-	-	291,861,689.77
EXTERNAL MANAGERS							
Blackrock Global ex-US	Purchased Option	-	1,368,350.00	1,368,350.00	-	-	(21,730,293.06)
Blackrock Global ex-US	Written Options	-	(1,151,920.00)	(1,151,920.00)	-	-	(19,198,019.94)
Bridgewater Currency Overlay	Currency Forwards	(4,818,328.17)	-	(4,818,328.17)	-	-	-
Cundill	Currency Forwards	(1,741.00)	-	(1,741.00)	-	-	-
Globeflex	Currency Forwards	1,003.73	-	1,003.73	-	-	-
Goldman Sachs Asset Management	Currency Forwards	93,465.63	-	93,465.63	-	-	-
Goldman Sachs Asset Management	Futures	-	-	0.00	26,051,156.49	26,051,156.49	-
Morgan Stanley REITs	Currency Forwards	878.90	-	878.90	-	-	-
PIMCO Global Bonds	Currency Forwards	(2,175,790.94)	-	(2,175,790.94)	-	-	-
PIMCO Global Bonds	Futures	-	(593,201.50)	(593,201.50)	700,474,476.70	816,292,396.39	-
PIMCO Global Bonds	Purchased Option	-	2,294,390.38	2,294,390.38	-	-	-
PIMCO Global Bonds	Swaps	3,012,835.95	-	3,012,835.95	-	-	-
PIMCO Global Bonds	Written Options	-	(2,415,222.40)	(2,415,222.40)	-	-	-
PIMCO Real Return	Futures	-	29,646.45	29,646.45	102,175,274.45	125,539,649.45	-
PIMCO Real Return	Currency Forwards	(192,926.29)	-	(192,926.29)	-	-	-
PIMCO Real Return	Purchased Option	-	68,544.00	68,544.00	-	-	-
PIMCO Real Return	Swaps	7,440,670.07	-	7,440,670.07	-	-	-
PIMCO Real Return	Written Options	-	(165,619.25)	(165,619.25)	-	-	-
PIMCO TIPS	Currency Forwards	(252,066.49)	-	(252,066.49)	-	-	-
PIMCO TIPS	Futures	-	29,049.47	29,049.47	101,281,043.75	140,903,543.75	-
PIMCO TIPS	Purchased Option	-	88,128.00	88,128.00	-	-	-
PIMCO TIPS	Swaps	49,441.32	-	49,441.32	-	-	-
PIMCO TIPS	Written Options	-	(202,506.13)	(202,506.13)	-	-	-
Reams Core Plus	Written Options	(83,325.60)	-	(83,325.60)	-	-	-
Reams TIPS	Written Options	(44,856.00)	-	(44,856.00)	-	-	-
Grand Total		\$ (66,405,748.70)	\$ 4,376,543.55	\$ (62,029,205.15)	\$ 2,844,363,693.42	\$ 6,406,657,688.12	\$ (680,030,289.95)

Comprehensive Derivatives Report as of July 31, 2006

Manager	Derivative Type	Mark-to-Market		Net Notional Value		Gross Notional		Delta Equivalent on	
		OTC	Exchange Traded	on Futures	Value on Futures	Value on Futures	Options		
	Internal Managers	\$ (69,435,009.81)	\$ 5,026,904.52	\$ (64,408,105.29)	\$ 1,914,381,742.04	\$ 5,297,870,942.04	\$ (639,101,976.95)		
	External Managers	3,029,261.11	(650,360.97)	2,378,900.14	929,981,951.39	1,108,786,746.08	(40,928,313.00)		
	GRAND TOTAL	\$ (66,405,748.70)	\$ 4,376,543.55	\$ (62,029,205.15)	\$ 2,844,363,693.42	\$ 6,406,657,688.12	\$ (680,030,289.95)		
	Currency Forwards	\$ (5,286,122.90)	\$ -	\$ (5,286,122.90)	\$ -	\$ -	\$ -		
	Futures	-	4,492,398.94	4,492,398.94	2,844,363,693.42	6,406,657,688.12	-		
	Purchased Options	97,403,956.78	3,819,412.38	101,223,369.16	-	-	(565,957,368.31)		
	Swaps/Structured Swaps	(19,270,047.89)	-	(19,270,047.89)	-	-	434,653,353.43		
	Written Options	(139,253,534.69)	(3,935,267.77)	(143,188,802.46)	-	-	(548,726,275.06)		
	GRAND TOTAL	\$ (66,405,748.70)	\$ 4,376,543.55	\$ (62,029,205.15)	\$ 2,844,363,693.42	\$ 6,406,657,688.12	\$ (680,030,289.95)		

Comprehensive Report on Approved Derivative Applications as of July 31, 2006
Internal Management

Internal Managers	Derivative Application (account name)	Purpose of Application
	S&P 500 Futures / Russell 2000 Futures / Nasdaq 100 Futures / Dow Jones Futures / Emerging Markets Proxy using Futures / FTSE Index / DJ Eurostoxx 50 / Goldman Sachs Commodity Index (GSCI)	Replicate Index exposure by Utilizing Futures and Cash (Cash Equitization)
	US Equity Small Cap/Large Cap Spread Trade	To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce small cap exposure and increase large cap exposure.
	US No Cost Collar	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
	US Small Cap Options - IWM and Russell 2000	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
	Developed Markets Options - FTSE Index (UK), EWJ (Japan)	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
	Canadian No Cost Collar	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
	Japan No Cost Collar (Nikkei)	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
	European No Cost Collar (Eurostoxx 50)	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
	Emerging Mkts No Cost Collar	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
	Structured Active Management Application - U.S. Equities	Use derivatives and cash, along with hedge funds, to obtain an overall risk exposure equivalent to that of a traditional active management portfolio within the Developed Markets portfolio.
	Emerging Structured Swaps	Use derivatives to construct a portfolio with a risk and return profile that could not be constructed using cash market securities.
	Developed Mkts Structured Swaps - TOPIX	Use derivatives to construct a portfolio with a risk and return profile that could not be constructed using cash market securities.

Comprehensive Report on Approved Derivative Applications as of July 31, 2006
Internal Management

Internal Managers (continued)	Derivative Application (account name)	Purpose of Application
Oil Service ETFs put and call options (Energy Sector)	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through short sales of appropriate derivatives.	
Goldman Sachs Commodity Index put options (GSCI)	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.	
Emerging Markets Index put options	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.	
US REITS put option	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.	

Comprehensive Report on Approved Derivative Applications as of July 31, 2006
External Management

External Managers Under Agency Agreement	Primary Use of Derivatives
Blackrock (formerly State Street Research)	Short sales limited to 5%, able to use stock and index options, buy and sell puts/calls, forwards, futures (within our max loss provision)
Bridgewater	Permitted to use currency spot and forward contracts, currency futures, options on currency forwards or futures (within our max loss provision)
Cundill	Futures, currency forwards and short sales up to 5% are allowed (within our max loss provision) Write covered calls; sell puts to gain better entry points.
Dalton	Short sales of equity index options, protective puts, futures and forwards are allowed within our max loss provision.
Goldman Sachs Asset Management	Equity futures, currency forwards and short sales are allowed within a tightly controlled structure which targets a net equity exposure equivalent to that of the underlying benchmark.
Globeflex	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index.
Morgan Stanley REITs	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index.
PIMCO Global Bonds	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index or to protect against anticipated adverse changes in exchange rates among foreign currencies.
PIMCO Real Return	May use forward purchase and sale contracts, futures (including Commodity Futures, Commodity Index Futures, and Exchange Traded Swaps Futures), and Options (including commodity options)
PIMCO TIPS	May use forward purchase and sale contracts, futures (including Commodity Futures, Commodity Index Futures, and Exchange Traded Swaps Futures), and Options (including commodity options)
Reams	May use futures, forwards, options and fixed income securities linked to foreign interest rates.

Counterparty Report as of July 31, 2006

Counterparty	S&P Counterparty Rating	Mark-to-Market	Percentage of Total Funds
ABN AMRO Bank NV, Chicago	AA-	\$ (137,344.89)	0.00%
AIG Financial Products Corp.	AA	2,699,549.62	0.01%
Australia & NZ Bank Ltd, Melbourne	AA-	12,538.29	0.00%
Bank of America	AA+	567,275.04	0.00%
Barclays Bank	AA+	(628,196.85)	0.00%
Bear Stearns	A+	(21,811,770.80)	-0.12%
BNP Paribas	AA	(7,872.47)	0.00%
Chase Manhattan Bk N.A. NY	AA-	83,780.39	0.00%
Citibank NY	AA+	(2,010,545.98)	-0.01%
Citigroup Global Markets Inc, NY	AA+	(1,033.84)	0.00%
Commonwealth Bk of Australia, NY	AA-	(3,236.06)	0.00%
Credit Suisse First Bank, New York	AA-	(518,015.65)	0.00%
CS First Boston Gbl Foreign Exch, UK	A+	10,709.98	0.00%
Deutsche Bank AG	AA-	(115,589.33)	0.00%
Goldman Sachs	AA-	(41,448,296.67)	-0.22%
HongKong and Shanghai Banking, Seoul	AA	(1,741.00)	0.00%
HSBC Bank USA, N.A.	AA	(409,412.42)	0.00%
J P Morgan	AA	3,551,062.92	0.02%
Lehman Brothers	A+	(501,718.92)	0.00%
Mellon Bank	AA-	1,003.73	0.00%
Merrill Lynch	AA-	295,502.93	0.00%
Morgan Stanley	AA-	(5,709,471.83)	-0.03%
National Australia Bank Ltd.	AA-	(16,436.30)	0.00%
Royal Bank of Canada, Toronto	AA-	(58,641.23)	0.00%
Royal Bank of Scotland, London	AA+	(158,301.34)	0.00%
State Street Boston Capital Mkt	AA	(291,086.62)	0.00%
UBS AG (Union Bank of Switzerland)	AA+	360,209.26	0.00%
UBS AG, Stamford	AA+	(207,268.30)	0.00%
Westpac Banking Corp, Sydney	AA-	48,599.64	0.00%
Grand Total		\$ (66,405,748.70)	-0.36%

PUF, GEF and ITF owe to Counterparty
Counterparty owes to PUF, GEF and ITF

\$	(74,035,980.50)
	7,630,231.80
<u>\$</u>	<u>(66,405,748.70)</u>

PUF NAV	\$ 10,164,614,318.00
GEF NAV	5,413,010,386.00
ITF NAV	3,045,146,632.12
<u>Total NAV</u>	<u>\$ 18,622,771,336.12</u>

TAB 3-E

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Agenda Item: Report on Actions taken under the Delegation of Authority

Developed by: Staff

Presented by: Iberg

Type of Item: Information item

Description: The Delegation of Authority delegates to the CEO the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts, partnership agreements, investment consultant agreements and agreements with independent auditors) for a total obligation of \$1 million or less. The Delegation of Authority requires staff to report contracts, leases, or other commercial arrangements executed by the CEO with a total obligation of \$1 million or less.

The Delegation of Authority also requires that the CEO notify the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under the delegated authority related to new manager selection and increases in investments or commitments to existing managers.

Recommendation: None

Discussion: Staff has prepared the reports to update the UTIMCO Board on (1) Manager activity, and (2) new and renewal of existing contracts, leases and other commercial arrangements.

Reference: Manager Activity Taken Under the Delegation of Authority; New Contracts and Existing Contract Renewals, Leases, and Other Commercial Arrangements.

**Report on Manager Activity
Taken Under the Delegation of Authority
June 24, 2006 through September 1, 2006**

US Equities	Date	Amounts				Description
		PUF	GEF	ITF	Total	
Blavin	Various	15,000,000.00	8,076,923.00	6,923,077.00	30,000,000.00	Additional funding to manager
Domestic Spread Trade	Various	312,286,050.00	168,089,995.00	44,017,202.50	524,393,247.50	Increase exposure in spread trade
Energy Sector ETFs	6/30/2006	(6,677,865.76)	(3,595,773.87)	-	(10,273,639.63)	Liquidate exposure in Energy Sector ETFs
Energy Sector Options	6/27/2006	17,971,200.00	9,676,800.00	-	27,648,000.00	Bought OIH Puts to Close
Energy Sector Options	6/29/2006	19,468,800.00	10,483,200.00	-	29,952,000.00	Bought OIH Puts to Close
Energy Sector Options	7/17/2006	(32,500,000.00)	(17,500,000.00)	-	(50,000,000.00)	Sold OIH Straddle to Open
GSAM U.S. Flex	7/31/2006	(78,366,935.46)	(42,197,580.54)	-	(120,564,516.00)	Complete liquidation of GSAM product
Large Cap Tech options - NASDAQ	8/16/2006	16,250,000.00	14,750,000.00	6,000,000.00	37,000,000.00	Sold QQQ Calls to Open
No Cost Collar trades	8/8/2006	130,000,000.00	70,000,000.00	-	200,000,000.00	Opened No Cost Collar RTY position (roll position fwd)
No Cost Collar trades	8/8/2006	(130,000,000.00)	(70,000,000.00)	-	(200,000,000.00)	Closed No Cost Collar RTY position (roll position fwd)
No Cost Collar trades	6/29 - 6/30	65,000,000.00	35,000,000.00	-	100,000,000.00	Opened No Cost Collar RTY position
No Cost Collar trades	8/8/2006	7,260,046.95	3,909,256.05	-	11,169,303.00	Opened No Cost Collar RTY position (roll position fwd)
Russell 2000 ETFs	Various	(13,438,130.94)	(7,238,542.73)	-	(20,676,673.67)	Liquidate exposure in Russell 2000 ETFs
S&P 100 ETFs	Various	42,852,765.34	23,075,012.68	7,959,574.10	73,887,352.12	Traded ETFs based on market opportunities
S&P 500 futures	Various	(86,949,563.68)	(17,864,611.83)	(17,787,964.00)	(122,602,139.51)	Sell futures to reallocate to fund managers and help in funding distributions
S&P 500 futures	8/1/2006	77,825,410.40	42,102,271.20	-	119,927,681.60	Purchase futures with GSAM proceeds
Small Cap Options	6/27/2006	(6,500,000.00)	(3,500,000.00)	-	(10,000,000.00)	Sold IWM Puts to Open
Small Cap Options	7/3/2006	6,500,000.00	3,500,000.00	-	10,000,000.00	Bought IWM Puts to Close
Small Cap Options	8/1/2006	(6,500,000.00)	(3,500,000.00)	-	(10,000,000.00)	Sold IWM Straddle to Open
Small Cap Options	8/8/2006	6,500,000.00	3,500,000.00	-	10,000,000.00	Bought IWM Straddle to Close
Small Cap Options	6/29 - 8/10	91,000,000.00	49,000,000.00	-	140,000,000.00	Bought RTY Puts to Open
Small Cap Options	6/29 - 8/10	91,000,000.00	49,000,000.00	-	140,000,000.00	Bought RTY Puts to Close
Small Cap Options	8/8/2006	(6,500,000.00)	(3,500,000.00)	(3,000,000.00)	(13,000,000.00)	Sold RTY Straddle to Open
Small Cap Options	8/15/2006	6,500,000.00	3,500,000.00	3,000,000.00	13,000,000.00	Bought RTY Straddle to Close
Small Cap Options	7/28/2006	(19,500,000.00)	(10,500,000.00)	(10,000,000.00)	(40,000,000.00)	Sold RTY Straddle to Open
Small Cap Options	7/28/2006	(6,500,000.00)	(3,500,000.00)	(3,000,000.00)	(10,000,000.00)	Sold RTY Straddle to Open
TCW Multicap	Various	-	-	(3,000,000.00)	(3,000,000.00)	Partial withdrawal from manager
Global ex US Equities						
Non-US Developed Equity						
Capital Guardian	8/1/2006	21,045,969.92	5,752,250.73	-	26,798,220.65	Termination of manager
EuroStoxx Options	6/30/2006	32,500,000.00	17,500,000.00	8,000,000.00	58,000,000.00	Opened No Cost Collar SX5E position
International Developed futures	6/29/2006	(32,521,153.54)	(17,445,562.38)	-	(49,966,715.92)	Reduce exposure in Eurostoxx futures
Int'l Equity Options - EWJ	6/30/2006	(16,250,000.00)	(8,750,000.00)	-	(24,000,000.00)	EWJ Sold Calls to Open
Int'l Equity Options - EWJ	7/12/2006	16,250,000.00	8,750,000.00	-	24,000,000.00	EWJ Bought Call - to cover existing position
Int'l Equity Options - EWJ	7/12/2006	(16,250,000.00)	(8,750,000.00)	-	(24,000,000.00)	EWJ Sold Calls to Open
Int'l Equity Options - FTSE	6/30/2006	(6,662,500.00)	(3,587,500.00)	-	(10,250,000.00)	UKX Allowed Calls to expire
Int'l Equity Options - FTSE	4/11/2006	6,662,500.00	3,587,500.00	-	10,250,000.00	UKX Bought Puts to Close
Int'l Equity Options - FTSE	7/11/2006	(6,662,500.00)	(3,587,500.00)	-	(10,250,000.00)	UKX Sold Puts to Open
Int'l Equity Options - FTSE	7/18/2006	6,662,500.00	3,587,500.00	-	10,250,000.00	UKX Allowed Puts to expire
International Spread Trade	8/31/2006	-	-	4,949,500.00	4,949,500.00	Increase exposure to the UK (FTSE 100 futures) and decrease exposure to Canada (SP/TSX 60 futures)
Lansdowne European Long	7/3/2006	16,250,000.00	8,750,000.00	-	25,000,000.00	Additional funding to manager

**Report on Manager Activity
Taken Under the Delegation of Authority
June 24, 2006 through September 1, 2006**

	Date	Amounts			Description
		PUF	GEF	ITF	
Emerging Markets Equity					
ADRE ETFs	8/16/2006	(7,051,964.15)	(3,797,211.46)	-	(10,849,175.61)
Emerging ETFs	Various	(19,649,531.35)	(5,379,030.03)	-	(25,028,561.38)
Templeton Emerging	6/27/2006	(13,000,000.00)	(7,000,000.00)	-	(20,000,000.00)
Templeton Emerging	6/28/2006	13,000,000.00	7,000,000.00	-	20,000,000.00
Inflation Linked					
GSCI futures	Various	-	-	(8,193,821.50)	(8,193,821.50)
GSCI Options	7/14/2006		15,000,000.00		15,000,000.00
GSCI Options	7/17/2006		(30,000,000.00)		(30,000,000.00)
GSCI Options	7/17/2006		(30,000,000.00)		(30,000,000.00)
Internal TIPS	Various	45,507,000.00	24,488,000.00	-	69,995,000.00
Reams TIPS	8/1/2006	48,750,000.00	26,250,000.00	-	75,000,000.00
Fixed Income					
None					
Hedge Funds					
Standard Pacific	8/1/2006				54,891,256.49
Black River	8/1/2006				75,000,000.00
Spinnaker	9/1/2006				100,000,000.00
OZ Europe	9/1/2006				25,000,000.00
OZ Asia (new account)	9/1/2006				25,000,000.00
Brahman II	9/1/2006				25,000,000.00
Private Capital					
TDR Capital II, L.P.*	6/26/2006	44,058,000.00	18,882,000.00	-	62,940,000.00
Centerbridge Capital Partners, L.P.	6/30/2006	35,000,000.00	15,000,000.00	-	50,000,000.00
Francisco Partners II, L.P.	6/30/2006	28,000,000.00	12,000,000.00	-	40,000,000.00
Triton Fund II, L.P.*	7/17/2006	26,292,000.00	11,268,000.00	-	37,560,000.00
Avenue Asia Special Situations Fund IV, LP	8/15/2006	28,000,000.00	12,000,000.00	-	40,000,000.00
3i Eurofund V*	8/17/2006	44,891,000.00	19,239,000.00	-	64,130,000.00

Termination of manager
Initial funding of new manager
Initial funding of new manager
Additional funding to manager
Additional funding to manager
Additional funding to manager

Traded futures for monthly re-balancing
GSCI Bought Puts to Close
GSCI Sold Puts to Open
GSCI Sold Calls to Open
Additional funding to manager
Additional funding to manager

Committed Amount

	PUF	GEF	Total
TDR Capital II, L.P.*	44,058,000.00	18,882,000.00	62,940,000.00
Centerbridge Capital Partners, L.P.	35,000,000.00	15,000,000.00	50,000,000.00
Francisco Partners II, L.P.	28,000,000.00	12,000,000.00	40,000,000.00
Triton Fund II, L.P.*	26,292,000.00	11,268,000.00	37,560,000.00
Avenue Asia Special Situations Fund IV, LP	28,000,000.00	12,000,000.00	40,000,000.00
3i Eurofund V*	44,891,000.00	19,239,000.00	64,130,000.00

*Euro denominated commitments to Non US funds are converted to US dollars using the exchange rate in effect on the closing date.

1 Trades fall under the Derivative Investment Policy. Amounts shown represent Notional Value.

TAB 3-F

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Agenda Item: Intermediate Term Fund (ITF) Update

Developed By: Goldsmith, Patrick

Presented By: Goldsmith

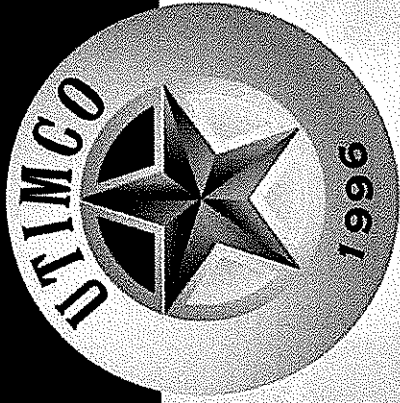
Type of Item: Information Item

Description: The purpose of this presentation is to provide a brief update on the Intermediate Term Fund (ITF). The presentation will include information regarding the Fund's performance, asset allocation, and activity.

Recommendation: None

Discussion: None

Reference: Intermediate Term Fund (ITF) Update Presentation



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Intermediate Term Fund (ITF)

Update

September 2006



Performance – Inception to 7/31/06

Comparison to Benchmarks	
Performance: 2/1/06 - 7/31/06	
ITF:	2.03%
Policy Portfolio:	1.70%
CPI + 3%*:	2.94%
Cash**:	2.41%

* Annual CPI is assumed to be 3%.

** Return of Dreyfus Institutional Preferred Money Market Fund

ITF	Return
US Equities	0.61%
International Dev. Equities	2.66%
Emerging Market Equities	-3.30%
Directional Hedge Funds	-0.06%
Absolute Return Hedge Funds	3.59%
Commodities	3.00%
REITS	9.54%
TIPS	0.29%
Fixed Income	1.50%
TOTAL ITF PORTFOLIO	2.03%

POLICY PORTFOLIO	Return
Russell 3000	-0.20%
MSCI EAFE	4.82%
MSCI EM	-2.23%
S&P HF Directional	0.68%
S&P HF Abs Ret.	0.68%
1/3 DJAIG / 2/3 GSCI	3.45%
Wilshire RESI	10.35%
Lehman TIPS	-0.16%
Lehman Aggregate	0.61%
TOTAL POLICY PORTFOLIO	1.70%

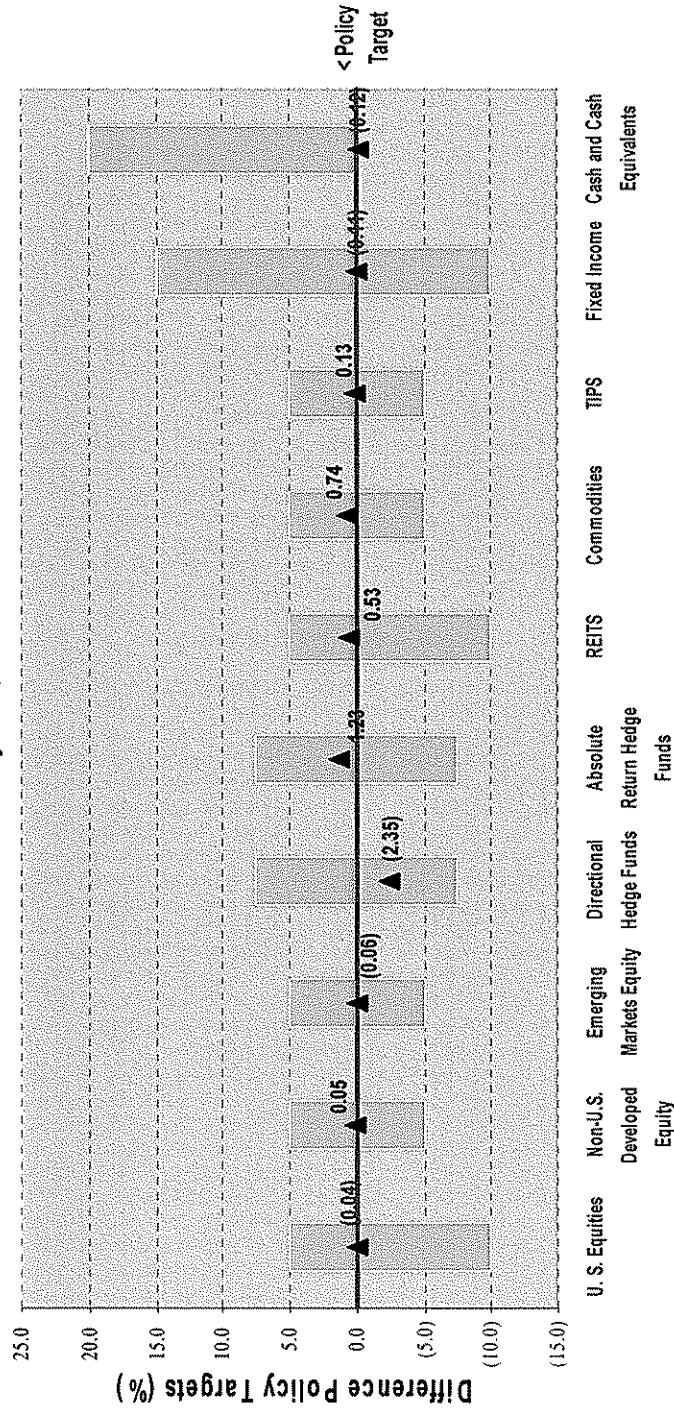
Return Difference
0.81%
-2.16%
-1.07%
-0.74%
2.91%
-0.45%
-0.81%
0.45%
0.89%
0.33%

Note: Performance numbers are preliminary.



Deviations from Policy Targets

Deviations From Policy Targets Within Tactical Policy Ranges
July 31st, 2006





Asset Allocation – 8/1/06

Asset Category	Dollars Invested	% Invested	Policy Target	Over / Under
US Equities	\$451,965,979	15.0%	15.0%	0.0%
International Dev. Equities	\$151,578,575	5.0%	5.0%	0.0%
Emerging Market Equities	\$149,563,699	5.0%	5.0%	0.0%
Directional Hedge Funds	\$299,534,779	9.9%	12.5%	-2.6%
Absolute Return Hedge Funds	\$429,896,847	14.3%	12.5%	1.8%
Commodities	\$159,532,199	5.3%	5.0%	0.3%
REITS	\$301,888,678	10.0%	10.0%	0.0%
TIPS	\$308,936,348	10.3%	10.0%	0.3%
Fixed Income	\$758,233,650	25.2%	25.0%	0.2%
Cash	\$2,038,850	0.1%	0.0%	0.1%
TOTAL	\$3,013,169,604	100.0%	100.0%	



Summary of Activity

- Activity – Subsequent to Setup of ITF through 9/1/06

<u>Type of Transaction</u>	<u># of Transactions</u>	<u>\$ Amount</u>
Purchases of STF Units	1370	\$ 3,682,223,528
Sales of STF Units	1825	3,214,344,626
STF Transfers Between Institutions	918	1,252,535,382
Purchase of STF due to ITF Distributions	105	52,680,047
ITF Reinvestment of Distributions	49	17,359,347
STF Income Allocation	112	31,561,283
ITF Purchases due to Rebalancing	30	268,988,573
ITF Sales due to Rebalancing	26	114,637,286
Total Transactions	4435	\$ 8,634,330,073

TAB 4

Presentation Materials to be Distributed at
September 22, 2006 Meeting

TAB 5

Agenda Item
UTIMCO Board Meeting
September 22, 2006

Agenda Item: Recommendation of Cambridge Associates as Investment Consultant

Developed By: Iberg, Moeller

Presented By: Iberg

Type of Item: Action item; Action required by UTIMCO Board

Description: UTIMCO Staff sent out a Request for Proposal (RFP) on June 1, 2006. The investment consultant provides consulting services to the UTIMCO Board as well as UTIMCO staff. The investment consultant has expertise related to all investment classes, including private capital and marketable alternatives, and general investment consulting capabilities. An internal UTIMCO staff committee was formed to review the RFP's and to recommend to the Board a firm to serve as investment consultant. The internal committee was comprised of Bob Boldt, Cathy Iberg, Trey Thompson, Andrea Reed, Joan Moeller, Laura Patrick and Gary Hill.

Cambridge Associates has served as UTIMCO's investment consultant since its inception in 1996, undertaking a number of assignments. Under the current contract with Cambridge, UTIMCO receives Cambridge's full range of information, research, and consulting services, including full access to web based internet services. Cambridge Associates provides a variety of services, including benchmark review, hedge fund manager search, international equity manager search, manager search assistance, spending analysis, miscellaneous requests, discussion on private equity group, spending policy memorandum, preparation of endowment exhibits, investment research, data request of endowment returns, asset allocation review, asset allocation study, asset allocation presentation, and alternative assets study. Cambridge Associate's current contract expires November 30, 2006.

Discussion: The RFP was sent to seven firms. Four of the firms responded to the RFP. Those firms were Cambridge Associates, Wilshire Associates, Strategic Investment Solutions, and LCG Associates. Based on the proposals, staff concluded that Cambridge Associates was the most experienced firm in the endowment area. Cambridge has provided investment consulting and financial planning services to colleges, universities, and their affiliated foundations since 1973. With approximately 200 college and university clients today, Cambridge Associates has gained broad experience assisting trustees, investment committees, and senior officers with a wide range of investment and financial issues.

Members of the internal committee will discuss with UTIMCO Board the proposals from the investment firms and the reasons for their decision to recommend retaining Cambridge Associates.

Agenda Item
UTIMCO Board Meeting
September 22, 2006

Recommendation: Staff recommends that the UTIMCO Board retain Cambridge Associates as investment consultant and requests that the UTIMCO Board authorize staff to pursue a new contract with Cambridge. Staff will also consult with the Board on services to be provided by Cambridge.

Reference: Request for Proposal

**RESOLUTION RELATED TO INVESTMENT CONSULTANT
SELECTION**

RESOLVED, that the Board approve the selection of Cambridge Associates as investment consultant for the Corporation.



The University of Texas
Investment Management Company

Request for Proposal

Investment Consultant

June 1, 2006

I. Introduction

Request for Proposal

The investment consultant provides consultant services to the UTIMCO Board as well as UTIMCO staff. The investment consultant should have expertise related to all investment classes, including private capital and marketable alternatives, and general investment consulting capabilities.

Description

UTIMCO is a 501(c)(3) investment management corporation whose sole purpose is the management of investment assets under the fiduciary care of the Board of Regents of The University of Texas System (Board of Regents.) Created in March 1996, UTIMCO is the first external investment corporation formed by a public university system. The Board of Regents has delegated investment management responsibility for all investments to UTIMCO, subject to compliance with Board of Regents approved investment policies. It invests endowment and operating funds in excess of \$19.4 billion, including the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Short Term Fund, and various separately invested funds. UTIMCO is governed by a nine-member Board of Directors appointed by the UT System Board. The UTIMCO Board of Directors includes three members of the UT System Board, the Chancellor of The University of Texas System, and five outside investment professionals.

II. Background Information

The background information on each of the investment funds is provided below.

A) The Permanent University Fund (PUF) is a public endowment contributing to the support of 18 institutions and six agencies in UT System and The Texas A&M University System (TAMU System). The Texas Constitution of 1876 established the PUF through the appropriation of land grants previously designated to The University of Texas, as well as an additional one million acres. Another state grant of one million acres was made in 1883. Today, the PUF contains over 2.1 million acres of land located in 24 counties primarily in West Texas (PUF Lands).

PUF Investments are invested in a broadly diversified portfolio including equity, fixed income, and absolute return investments. Investments are allocated two-thirds for the benefit of eligible institutions of the UT System and one-third for the benefit of eligible institutions of the TAMU System. As of February 28, 2006, the net asset value of PUF Investments was \$9.8 billion.

B) The General Endowment Fund (GEF), created March 1, 2001, is a pooled fund established for the collective investment of long-term funds under the control and management of the Board of Regents. The GEF is organized as a mutual fund and has two participants, the Permanent Health Fund (PHF) and the Long Term Fund (LTF). The PHF and LTF initially purchased units of the

Fund on March 1, 2001, in exchange for the contribution of their investment assets. The GEF provides for greater diversification of investments than would be possible if each account were managed separately. The GEF is invested in a broadly diversified portfolio including equity, fixed income, and absolute return investments. As of February 28, 2006, the net asset value of the GEF was \$5.2 billion.

C) The PHF is an internal University of Texas System mutual fund for the pooled investment of state endowment funds for health-related institutions of higher education, created August 30, 1999, with proceeds from state tobacco litigation. The 76th Legislature established three permanent funds and thirteen higher education endowments. The PHF participants (unitholders) consist of one of the permanent endowments and eight of the thirteen higher education endowments. On March 1, 2001, the PHF purchased units in the newly created GEF in exchange for the contribution of its investment assets. The PHF no longer invests in individual securities except for GEF units and a negligible amount of cash. Cash distributions are paid quarterly. As of February 28, 2006, the net asset value of the PHF was \$966 million.

D) The LTF is an internal UT System mutual fund for the pooled investment of over 7,000 privately raised endowments and other long-term funds supporting various programs and purposes of the 15 institutions comprising UT System. The LTF was formerly known as the Common Trust Fund. The LTF was established February 9, 1995, by the Board of Regents to succeed the Common Trust Fund pooled investment fund. The Common Trust Fund was established by the Board of Regents in 1932. The LTF is structured as a mutual fund in which each endowment or account purchases units at the LTF's market value per unit. Cash distributions are paid quarterly directly to the UT System institution of record based on a per unit payout established by the Board of Regents. On March 1, 2001, the LTF purchased units in the newly created GEF in exchange for the contribution of its investment assets. The LTF no longer invests in individual securities except for GEF units and a negligible amount of cash. As of February 28, 2006, the net asset value of the LTF was \$4.3 billion.

E) Operating funds of UT System are invested in a money market fund and a new fund, the Intermediate Term Fund (ITF). The ITF was funded on February 1, 2006. The ITF is structured as a mutual fund in which each of the participating 15 UT System institutions and UT System administration purchase units on a monthly basis. The ITF is invested in a broadly diversified portfolio including equity, fixed income, and absolute return investments. However, it does not invest in private equity investments. The ITF's net asset value as of February 28, 2006, was \$2.9 billion. The money market fund (Short Term Fund) had a net asset value of \$1.1 billion. Total operating funds were \$4.0 billion

F) Separately invested funds have a balance of \$327 million as of February 28, 2006. Included in these funds are charitable remainder trusts, endowments and other funds that are not invested as a part of the pool.

III. Instruction for Responses

General

UTIMCO invites responses to this RFP from qualified firms interested in providing investment consultant services to the UTIMCO Board and staff.

Submittal deadline

UTIMCO will accept responses until 5:00 p.m. Central, July 15, 2006.

Contacts

Any questions or concerns regarding this RFP shall be directed to:

Greg Lee
UTIMCO
401 Congress Avenue, Suite 2800
Austin, Texas 78701

Tel: (512) 225-1606
e-mail: glee@utimco.org

Public Information

UTIMCO considers all information, documentation, and other materials requested to be submitted in response to this solicitation to be of a non-confidential and/or non-proprietary nature and therefore shall be subject to public disclosure under the Texas *Public Information Act* (Texas *Government Code*, Chapter 552.001, *et seq.*) after a contract is awarded.

Respondents are hereby notified that UTIMCO strictly adheres to all statutes, court decisions and opinions of the Texas Attorney General with respect to disclosure of RFP information.

Presentations and/or Interviews

After receipt of each respondent's responses, respondent may be requested to present an oral presentation to UTIMCO to cover the respondent's qualifications. In addition, UTIMCO may request the opportunity to conduct interviews with the lead investment consultants.

Key Events Schedule

- June 1, 2006 RFP sent to candidate firms
- July 15, 2006 Deadline to respond to RFP
- July 31, 2006 Review of proposals and narrow list of candidates to 3
- August 31, 2006 UTIMCO visits candidates and/or views candidate presentations
- September 2006 Placeholder for presentation to UTIMCO Board and selection of investment consultant
- November 2006 Final negotiation of contract
- November 2006 Board approves contract (or has given staff authority to negotiate contract at its September 2006 meeting)

Submittal Instructions

Responses should be sent by mail, facsimile, electronic mail, or delivered in person, marked "Response to Request for Proposal" and to:

Greg Lee
UTIMCO
401 Congress Avenue, Suite 2800
Austin, Texas 78701

IV. Questionnaire

A. Profile

Name of Responding Firm _____

Name and Title of Primary Contact _____

Address of Primary Contact _____

Telephone _____

Fax Number of Primary Contact _____

E-mail address of Primary Contact _____

B. Organization

1. Please provide a brief history, going back to inception, of your firm and your parent organization.
2. Describe the ownership structure of your organization, giving specific details with regard to your parent and any affiliated companies.
3. Include an ownership organizational chart showing this structure. Describe the line(s) of business of your firm, your parent organization and any affiliation.
4. Please describe your client composition and provide a breakdown by client type and asset sizes. In addition, please provide the mean asset allocation by client type. The breakdown should include the following categories:
 - Endowments
 - Foundations
 - Public Pension Funds
 - Private Pension Funds

- Individuals
- Other

Please provide both number of clients, assets advised, and fee percentages of total fees.

5. What is the total client dollars under advisement by your firm?
6. Please provide a representative client list.
7. What experience does your firm possess in providing investment consulting to institutions like UTIMCO?
8. Please provide three references.

C. Conflicts of Interest

1. Is your firm, its parent or affiliate, a registered investment advisor with the SEC under the Investment Advisors Act of 1940? If not, what is your fiduciary classification? Please include Form ADV, Part II.
2. Has your organization or an officer or principal been involved in any business litigation or other legal proceedings relating to your consulting activities? If so, provide an explanation and indicate the current status or disposition.
3. Are there any circumstances specifically related to your investment consulting activities under which your firm, its officers or employees receive direct or indirect compensation from investment managers? If so, please describe in detail.
4. Describe the firm's policy on conflict of interest. Does your firm, its parent or affiliate sell information or any other services to investment managers? If so, please describe in detail. Does your firm have any affiliation with a brokerage firm? If so, please describe.
5. Are there any circumstances under which your firm receives compensation for investment management, rather than consulting services? If so, please provide a list of current clients and indicate the percentage of total fee revenue derived from this line of business.

D. Employees

1. Provide an organizational chart showing the number of employees, professional and support, in each function.
2. Describe the volume of work handled by your key personnel and the lead consultant identified for this account.

3. How do you recruit, retain, and compensate qualified individuals?
4. What has been the turnover in your professional staff in past 3 years?
5. Explain how the consultant(s) dedicated to UTIMCO's account would function, including the lead person, back-up, quality control procedures and support services. Provide biographies of the key individuals.

E. Consulting Activities

Investment Planning and Asset Allocation

1. Outline your approach to the development of an investment policy and asset allocation.
2. Describe your firm's typical involvement in preparing guidelines for investment managers.
3. Discuss the asset allocation models you employ. How does your firm develop asset class assumptions?
4. Outline your process for maintaining and providing a continuous review of investment policy, asset allocation and portfolio structure.

Investment Manager Search

5. Does your firm maintain an in-house database of investment managers? If not, what vendor do you purchase the database from? How many managers are contained in the database? What asset classes are covered?
6. Describe how your firm or your vendor gathers, verifies, updates and maintains the data collected on managers for the database.
7. Do you or your vendors charge direct or indirect fees for investment managers to be included in your firm's database? What are the fees? How do you prevent conflicts of interest?
8. If you have an in-house database, do you sell it to third parties? How do you receive compensation?
9. Do you have individuals dedicated to manager research within your firm? If so, how many and where are they located? Describe their role in the manager search process.
10. What are the guidelines you give to a client with respect to terminating an investment manager?

Performance Reporting

11. Describe your performance monitoring capabilities and the staff performing these functions.

12. Give a brief overview of the hardware and software systems used in the production of performance reports. Is the software developed in-house? Is any work subcontracted to another firm?
13. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can your firm provide custom/style benchmarks and universes?
14. Can performance monitoring reports be customized?
15. When are performance monitoring reports available?
16. Please provide a sample of your performance monitoring report.

Alternative Assets Capabilities

17. Discuss your firm's investment philosophy regarding alternative investments.
18. Describe the firm's competitive advantage in providing alternative assets consulting.
19. Describe the firm's experience in researching and analyzing various types of alternative investments.
20. Describe the firm's experience in preparing and presenting detailed investment recommendations to senior investment staff and board members.

Research

21. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.
22. Please provide examples of your research.
23. Do you have a research platform that is accessible by all clients? If so, please describe.

Investment Risk Management

24. Discuss your firm's familiarity with investment risk management.
25. Describe the firm's experience in risk management consulting.

IV. Fee Proposal

1. Please indicate all services you propose to provide and their associated fees.

TAB 6

Agenda Item
UTIMCO Board Meeting
September 22, 2006

Agenda Item: Recommendation of Vinson & Elkins, LLP as Legal Counsel

Developed By: Iberg, Moeller

Presented By: Iberg

Type of Item: Action item; Action required by UTIMCO Board

Description: UTIMCO Staff sent out a Request for Information (RFI) on May 8, 2006. The purpose of the RFI was to request information from law firms interested in providing legal services to UTIMCO. The role of outside counsel is to provide guidance and assistance to the UTIMCO Board, its individual members, and UTIMCO staff in matters related to UTIMCO business. An internal UTIMCO staff committee was formed to review the RFI's, interview the firms, and recommend to the Board a firm to serve as legal counsel. The internal committee was comprised of Bob Boldt, Cathy Iberg, Trey Thompson, and Joan Moeller.

Vinson & Elkins has been UTIMCO's counsel since UTIMCO's inception. Jerry Turner is lead counsel and manages the relationship with UTIMCO. He assigns specialized attorneys to work on various matters related to UTIMCO. Vinson & Elkins provides counsel on both corporate and investment matters and responds to issues and questions brought forth by both UTIMCO directors and staff.

Discussion: The internal committee working with The University of Texas System staff and others developed a list of ten firms with the skills and expertise to serve UTIMCO's needs. The RFI was set to these ten firms. Seven of the firms responded to the RFI. Those firms were Bracewell & Giuliani, LLP; Fulbright & Jaworski, LLP; Jackson Walker, LLP; Jenkins & Gilchrist, Lock, Liddell, & Sapp, LLP; Vinson & Elkins, LLP; and Beck, Redden, & Secrest, LLP. From these seven firms, UTIMCO selected four as finalists: Bracewell & Giuliani, LLP; Fulbright & Jaworski, LLP; Jenkins & Gilchrist; and Vinson & Elkins, LLP. Upon review of the RFI, three of the firms were invited to UTIMCO offices to discuss their qualifications and meet with the internal committee. The internal committee did not request that Vinson & Elkins, current counsel, meet with the committee since members of the committee have worked with Vinson & Elkins for several years.

Members of the internal committee will discuss with UTIMCO Board the results of their meetings with the legal firms and the reasons for their decision to recommend retaining Vinson & Elkins as legal counsel.

Recommendation: Staff recommends that the UTIMCO Board retain Vinson & Elkins as legal counsel.

Reference: Request for Information

RESOLUTION RELATED TO LEGAL COUNSEL SELECTION

RESOLVED, that the Board approve the selection of Vinson & Elkins, LLP as legal counsel for the Corporation.



The University of Texas
Investment Management Company

Request for Information

Corporate and Investment Legal Representation

May 8, 2006

I. Introduction

Request for Information (RFI)

The purpose of this Request for Information (RFI) is to request information from law firms interested in providing legal services to The University of Texas Investment Management Company (UTIMCO). The role of outside counsel is to provide guidance and assistance to the UTIMCO Board, its individual members, and UTIMCO staff in matters related to UTIMCO business. Outside counsel is available to answer any questions UTIMCO Board members may have related to his or her role as a director of UTIMCO, including ethics and policy questions. Recurring general counsel services provided by outside counsel include the following:

- participation in all UTIMCO Board meetings and committee meetings
- guidance related to the government provisions covering open meetings and open records law
- review and participation in drafting of policies, including investment policy statements, derivative policy, liquidity policies, etc.
- guidance and opinions concerning the Code of Ethics
- review of investment manager contracts, investment advisory agreements, limited partnership agreements, side letters, subscription documents, etc. (including assistance with disclosure and tax issues)
- review of certain vendor contracts such as broker ISDA (International Swap Dealers Association) agreements
- guidance on various federal regulation, rules and reporting requirements related to human resources, including employee benefit plan administration and compensation program matters
- development of materials and participation at new board member orientation sessions
- review and/or draft language of amendments to corporate documents, including bylaws, investment management services agreement, and committee charters, and
- general knowledge and application of general state law and framework.

Description

UTIMCO is a 501(c)(3) investment management corporation whose sole purpose is the management of investment assets under the fiduciary care of the Board of Regents of The University of Texas System (Board of Regents.) Created in March 1996, UTIMCO is the first external investment corporation formed by a public university system. The Board of Regents has delegated investment management responsibility for all investments to UTIMCO, subject to compliance with Board of Regents approved investment policies. It invests endowment and operating funds in excess of \$19.4 billion, including the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Short Term Fund, and various separately invested funds. UTIMCO is governed by a nine-member Board of Directors appointed by the UT System Board. The UTIMCO Board of Directors

includes three members of the UT System Board, the Chancellor of The University of Texas System, and five outside investment professionals.

II. Background Information

The background information on each of the investment funds is provided below.

A) The Permanent University Fund (PUF) is a public endowment contributing to the support of 18 institutions and six agencies in UT System and The Texas A&M University System (TAMU System). The Texas Constitution of 1876 established the PUF through the appropriation of land grants previously designated to The University of Texas, as well as an additional one million acres. Another state grant of one million acres was made in 1883. Today, the PUF contains over 2.1 million acres of land located in 24 counties primarily in West Texas (PUF Lands).

PUF Investments are invested in a broadly diversified portfolio including equity, fixed income, and absolute return investments. Investments are allocated two-thirds for the benefit of eligible institutions of the UT System and one-third for the benefit of eligible institutions of the TAMU System. As of February 28, 2006, the net asset value of PUF Investments was \$9.8 billion.

B) The General Endowment Fund (GEF), created March 1, 2001, is a pooled fund established for the collective investment of long-term funds under the control and management of the Board of Regents. The GEF is organized as a mutual fund and has two participants, the Permanent Health Fund (PHF) and the Long Term Fund (LTF). The PHF and LTF initially purchased units of the Fund on March 1, 2001, in exchange for the contribution of their investment assets. The GEF provides for greater diversification of investments than would be possible if each account were managed separately. The GEF is invested in a broadly diversified portfolio including equity, fixed income, and absolute return investments. As of February 28, 2006, the net asset value of the GEF was \$5.2 billion.

C) The PHF is an internal University of Texas System mutual fund for the pooled investment of state endowment funds for health-related institutions of higher education, created August 30, 1999, with proceeds from state tobacco litigation. The 76th Legislature established three permanent funds and thirteen higher education endowments. The PHF participants (unitholders) consist of one of the permanent endowments and eight of the thirteen higher education endowments. On March 1, 2001, the PHF purchased units in the newly created GEF in exchange for the contribution of its investment assets. The PHF no longer invests in individual securities except for GEF units and a negligible amount of cash. Cash distributions are paid quarterly. As of February 28, 2006, the net asset value of the PHF was \$966 million.

D) The LTF is an internal UT System mutual fund for the pooled investment of over 7,000 privately raised endowments and other long-term funds supporting various programs and purposes of the 15 institutions comprising UT System. The LTF was formerly known as the Common Trust Fund. The LTF was established February 9, 1995, by the Board of Regents to succeed the Common Trust Fund pooled investment fund. The Common Trust Fund was established by the Board of Regents in 1932. The LTF is structured as a mutual fund in which each endowment or account purchases units at the LTF's market value per unit. Cash distributions are paid quarterly directly to the UT System institution of record based on a per unit payout established by the Board of Regents. On March 1, 2001, the LTF purchased units in the newly created GEF in exchange for the contribution

of its investment assets. The LTF no longer invests in individual securities except for GEF units and a negligible amount of cash. As of February 28, 2006, the net asset value of the LTF was \$4.3 billion.

E) Operating funds of UT System are invested in a money market fund and a new fund, the Intermediate Term Fund (ITF). The ITF was funded on February 1, 2006. The ITF is structured as a mutual fund in which each of the participating 15 UT System institutions and UT System administration purchase units on a monthly basis. The ITF is invested in a broadly diversified portfolio including equity, fixed income, and absolute return investments. However, it does not invest in private equity investments. The ITF's net asset value as of February 28, 2006, was \$2.9 billion. The money market fund (Short Term Fund) had a net asset value of \$1.1 billion. Total operating funds were \$4.0 billion

F) Separately invested funds have a balance of \$327 million as of February 28, 2006. Included in these funds are charitable remainder trusts, endowments and other funds that are not invested as a part of the pool.

III. Instruction for Responses

General

UTIMCO invites responses to this RFI from qualified firms interested in providing legal services under the direction and supervision of UTIMCO Board and staff. UTIMCO is accepting responses to the RFI in connection with its review of outside legal counsel. The law firm should be admitted to practice before Texas United States District Courts.

Submittal deadline

UTIMCO will accept responses until 5:00 p.m. Central, June 9, 2006.

Contacts

Any questions or concerns regarding this RFI shall be directed to:

Greg Lee
UTIMCO
401 Congress Avenue, Suite 2800
Austin, Texas 78701

Tel: (512) 225-1606
e-mail: glee@utimco.org

Public Information

UTIMCO considers all information, documentation, and other materials requested to be submitted in response to this solicitation to be of a non-confidential and/or non-proprietary nature and therefore shall be subject to public disclosure under the Texas *Public Information Act* (Texas Government Code, Chapter 552.001, *et seq.*) after a contract is awarded.

Respondents are hereby notified that UTIMCO strictly adheres to all statutes, court decisions and opinions of the Texas Attorney General with respect to disclosure of RFP information.

Presentations and/or Interviews

After receipt of each respondent's responses, respondent may be requested to present an oral presentation to UTIMCO to cover the respondent's qualifications. In addition, UTIMCO may request the opportunity to conduct interviews with lead attorneys.

Key Events Schedule

- May 8, 2006 RFI sent to candidate firms
- June 9, 2006 Deadline to respond to RFI
- July 15, 2006 Completion of firm interviews and/or presentations
- July 31, 2006 Staff recommendation finalized
- August 15, 2006 Negotiation and completion of contract if necessary
- September, 2006 Approval of legal firm

Submittal Instructions

Responses should be sent by mail, facsimile, electronic mail, or delivered in person, marked "Response to Request for Information" and to:

Greg Lee
UTIMCO
401 Congress Avenue, Suite 2800
Austin, Texas 78701

IV. Responses

A. Profile

Name of Responding Firm _____

Name and Title of Primary Contact _____

Address of Primary Contact _____

Telephone _____

Fax Number of Primary Contact _____

E-mail address of Primary Contact _____

B. Questionnaire

(1) Provide a description of the firm's or attorney's qualifications in all areas of practice, including, but not limited to, the firm's experience related to:

- expertise in investment assets, covering private equity, venture capital, hedge funds, hedge funds, real estate, commodities, energy, fixed income, developed markets, emerging markets, derivatives, etc.
- the investment area covering its experience reviewing investment manager contracts, investment advisory agreements, limited partnerships, side letters, subscription documents, etc.
- securities law, regulatory compliance, and tax issues in the investment area
- endowment fund experience
- non-profit entities
- Texas Open Meetings Act
- Open Records Provision of the Government Code
- employee benefits and compensation
- corporate governance and compliance
- general corporate expertise

(2) Provide the firm's organizational structure, number of offices, and other general information.

(3) Provide the names and experience of the lead attorneys who will be assigned to work on UTIMCO matters and specialized areas, the availability of the lead attorney and others assigned to UTIMCO's account

(4) Submit fee information (either in the form of hourly rates for each attorney who may be assigned to perform services in relation to UTIMCO law matters, comprehensive flat fees, or other fee arrangements directly related to the achievement of specific goals and cost controls) and billable expenses;

(5) Provide a comprehensive description of the procedures to be used by the firm to supervise the provision of legal services in a timely and cost-effective manner;

(6) Disclose any conflicts of interest (identifying each and every matter in which the firm has, within the past calendar year, represented any entity or individual with an interest adverse to UTIMCO, U.T. System, or to the State of Texas, or any of its boards, agencies, commissions, universities, or elected or appointed officials); and

(7) Confirmation of willingness to comply with policies, directives, and guidelines of UTIMCO and The University of Texas System.

TAB 7

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Agenda Item: Update on Risk Consultant Selection

Developed By: Reed

Presented By: Reed

Type of Item: Discussion item; no action required

Description: UTIMCO Staff and the Risk Committee issued a Request for Proposal to identify and hire a Risk Consultant to advise the Committee and Board on risk matters. This is a discussion of the status of that process.

Recommendation: None

Discussion: In May 2006 the UTIMCO Board and Risk Committee made the decision to hire a consultant to review UTIMCO's risk management activities and provide on-going advice to the Committee, Board and UTIMCO. On August 1st, staff issued a Request for Proposal to five candidates. In early September, 4 of the 5 candidates responded with proposals. UTIMCO Staff has reviewed the proposals and plans to discuss their findings to a Risk Committee meeting in late September. Following that meeting, members of the Risk Committee will interview the finalists. In October, the Risk Committee will reconvene to decide on and approve the hiring of the consultant.

Reference: Update: Risk Consultant RFP



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Update: Risk Consultant RFP

Andrea Reed

September 2006



Background

- ◆ In May, the UTIMCO Board and the Risk Committee made the decision to hire a consultant to review the risk management activities of UTIMCO, and to provide on-going advice.
- ◆ UTIMCO Staff distributed a Request for Proposal (RFP) to five candidates on August 1st.
- ◆ The RFP set the response deadline for September 6th.



Services Requested

- ◆ Validation of UTIMCO's risk model;
- ◆ Review of UTIMCO's key risk statistic, Downside Risk, and related Downside Risk analytics;
- ◆ Review of UTIMCO's derivative valuation processes and models;
- ◆ Review of UTIMCO's approach to risk budgeting;
- ◆ On-going consulting services to the Risk Committee, UTIMCO Board and UTIMCO Staff.



Current Status & Next Steps

- ◆ UTIMCO received responses from four out of the five candidates;
- ◆ UTIMCO Staff has reviewed the proposals and plan to present their findings to the Risk Committee at a meeting scheduled in late September;
- ◆ Following the September meeting, members of the Risk Committee will interview the most attractive candidates;
- ◆ In October, the Risk Committee will reconvene to decide on and approve the hiring of UTIMCO's risk consultant.

TAB 8

Agenda Item
UTIMCO Board of Directors Meeting
September 22, 2006

Agenda Item: Consideration of Adjustments to Corporation's Budget

Developed By: Iberg, Moeller

Presented By: Iberg

Type of Item: Action required by UTIMCO Board; further action required by Board of Regents

Description: The UTIMCO Board approved UTIMCO's 2006/2007 budget at its meeting on July 13, 2006. Staff is requesting a one-time increase of \$668,570 in the UTIMCO services budget due to costs associated with the resignation of the President and CEO and subsequent search and hire of a new President and CEO. The UTIMCO services budget is amended to \$13,940,638 to accommodate the one-time increase of \$668,570. Since adjustments are not requested for the previously approved direct funds' budget of \$43,419,269, the total amended budget (services budget and direct funds' budget) is \$57,359,907.

Recommendation: UTIMCO staff recommends that the increase of \$668,570, resulting in an amended UTIMCO Services Budget for 2006-2007 of \$13,940,638 and a total operating budget of \$57,359,907, be approved. The amended annual fee request is also recommended to be approved.

Discussion: The increase of \$668,570 is an increase of 5.0% of the previously approved UTIMCO services budget and an increase of 1.2% of the previously approved total operating budget. The UTIMCO Board previously approved a UTIMCO Services budget of \$13,272,068 and a total operating budget of \$56,691,337 for the 2006-2007 fiscal year. The details of the requested increase of \$668,570 are as follows:

Net salary adjustments and transition and retention bonuses	\$294,570
Executive search firm and other hiring costs	274,000
Legal fees	<u>100,000</u>
Total	\$668,570

The net salary adjustments and transition and retention bonuses were calculated assuming a new President and CEO would commence employment as of March 1, 2007, and he or she would not be eligible to participate in the UTIMCO performance plan for the performance period ending June 30, 2007.

Following is an amended budget:

UTIMCO Services	\$13,940,638
Direct Fund's Budget	<u>43,419,269</u>
Total Approved Budget	\$57,359,907

Reference: Annual Fee and Allocation Schedule

RESOLUTION RELATED TO BUDGET

RESOLVED, that the \$668,570 increase to the Corporation's Operating Budget for the period September 1, 2006 through August 31, 2007 be, and is hereby approved; and further

RESOLVED, that the Corporation's Amended Operating Budget of \$57,359,907 and the Fee Request, for the period September 1, 2006 through August 31, 2007, be and are hereby approved, subject to approval by the U. T. System Board of Regents.

UTIMCO Fee and Direct Budgeted Investment Expenses Annual Fee and Allocation Schedule

For the fiscal year ending August 31, 2007

Proposed Budget	Fund Name						Separate Funds	Total
	PUF	PHF	LTF	GEF PHF LTF	ITF	STF		
Market Value 2/28/06 (\$ millions)	9,798.6	966.0	4,262.4	5,228.4 (3)	2,920.0	1084.8	326.9	19,358.7
UTIMCO Services(1)	6,481,749	839,949	3,860,575		2,758,365			13,940,638
Direct Expenses of the Fund								
External Management Fees	9,293,270	0	0	4,873,976	2,679,852	N/A (2)		16,847,098
External Management Fees - Performance Based	11,371,179	0	0	5,938,141	3,276,529			20,585,849
Other Direct Costs	2,953,528	18,863	160,249	1,845,533	1,008,149			5,986,322
Total Direct Expenses of the Fund	23,617,977	18,863	160,249	12,657,650	6,964,530		0	43,419,269
TOTAL	30,099,726	858,812	4,020,824	12,657,650	9,722,895	N/A (2)	0	57,359,907
Percentage of Market Value								
UTIMCO Services	0.066%	0.087%	0.091%	0.000%	0.094%	0.000%	0.000%	0.072%
Direct Expenses of the Fund	0.241%	0.002%	0.004%	0.242%	0.239%	0.000%	0.000%	0.224%
TOTAL	0.307%	0.089%	0.094%	0.242%	0.333%	0.000%	0.000%	0.296%

(1) Allocation Ratio: PUF-46%, Health Fund-6%, LTF-29%, ITF-19%
(2) Income is net of fees
(3) Pooled Fund for the collective investment of the PHF and LTF
(amounts may not foot due to rounding adjustments)