

**MINUTES OF  
MEETING OF THE POLICY COMMITTEE OF  
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Policy Committee (the "Committee"), of The University of Texas Investment Management Company (the "Corporation") convened in open session on **January 17, 2006**, in the Travis Board Room of the Four Seasons Hotel, 1300 Lamar, Houston, Texas, said meeting having been called by the Committee Chair, Robert Rowling, with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

Robert B. Rowling, Chair  
Colleen McHugh  
Erle Nye

thus, constituting a majority and quorum of the Committee. Also attending the meeting were Chairman Scott Caven; Chancellor Mark Yudof; Bob Boldt, President of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Trey Thompson, Managing Director – Non-Marketable Alternative Investments; Gary Hill, Manager – Investment Reporting; Jerry Turner, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; and Philip Aldridge, Amy Barrett, Charlie Chaffin, Jim Phillips and Cathy Swain of UT System Administration. Chairman Rowling called the meeting to order at 8:02 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Director.

**Investment Management Services Agreement**

Mr. Rowling stated that this was the first meeting of the Policy Committee. The Committee was formed and members were designated by resolution at the meeting of the Corporation's Board held on November 16, 2005. Mr. Rowling asked Mr. Boldt to begin with the first item on the agenda. Mr. Boldt explained that the Investment Management Services Agreement ("IMSA") is the contract between UT System Board of Regents and the Corporation Board for managing the assets under the control and management of the UT System Board of Regents. UT System's Office of General Counsel and Baker Botts (outside legal counsel for UT System related to UTIMCO) proposed amendments to the IMSA. These amendments were reviewed by Vinson & Elkins and the Corporation's Staff. After discussions between counsel and staff, there were a few changes that need to have a final determination made by the Policy Committee. The Committee reviewed the suggested amendments and changes were discussed by the Committee, with Mr. Boldt and Mr. Aldridge answering the questions of the Committee members. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the amendments to the IMSA be, and are hereby, approved in substantially the form submitted to the Policy Committee, with such changes as were discussed and agreed to during the Committee's deliberation, subject to approval by the Corporation's Board and the UT System Board of Regents.

**Intermediate Term Fund Investment Policy Statement**

Mr. Boldt continued by proposing draft language to the sections "ITF Distributions" and "Purchase and Redemption of ITF Units" of the Intermediate Term Fund ("ITF") Investment Policy Statement, due to several accounting issues that emerged during the course of preparation for the ITF launch. This language has been drafted to address concerns of various Chief Business Offices of the institutions of the UT System. The Corporation Staff, UT System and the Investment Advisory Committee agreed on a recommended distribution rate and the amended language will allow for these planned distributions, subject to approval by the Corporation Board and UT System Board of Regents. Mr. Boldt and Mr. Aldridge answered the questions of the Committee members. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments to the Intermediate Term Fund Investment Policy Statement be, and are hereby, approved in the form submitted to the Policy Committee, subject to approval by the Corporation's Board of Directors and the U.T. System Board of Regents.

**Review of Internal Policies and Guidelines**

Mr. Boldt asked Ms. Moeller to present the next item. Ms. Moeller explained that the Report of Policies, Governance Documents and Procedures and Guidelines was prepared to provide the Committee an overview of the policies in place that govern the investment funds, as well as Corporate documents that are approved by the Corporation's Board and the UT System Board of Regents. Also in the report are documents developed by the Staff that have not, historically, been submitted for Board approval. Mr. Boldt and Ms. Moeller answered the questions of the Committee members. The Committee asked to review several policies at future Committee meetings.

There being no further business to come before the Policy Committee, the meeting was adjourned at approximately 9:00 a.m.

Secretary: \_\_\_\_\_  
Joan Moeller

Approved: \_\_\_\_\_  
Robert B. Rowling, Chair  
Policy Committee  
of the Board of Directors of  
The University of Texas Investment  
Management Company

Date: \_\_\_\_\_