

**MINUTES OF THE ANNUAL 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 3:07 p.m. on the **8th day of June 2009**, 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, said meeting having been called by the Chairman, Erle Nye, 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:

Erle Nye, Chairman
J. Philip Ferguson, Vice Chairman
Paul Foster
Janiece M. Longoria
Colleen McHugh
Ardon E. Moore
Charles W. Tate

Accordingly, a majority and quorum of the Board was in attendance. Director Clint Carlson did not attend the meeting. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Uzi Yoeli, Director – Portfolio Risk Management; and Russ Kampfe, Senior Portfolio Manager-Fixed Income Investments. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner and Bob Jewell of Andrews Kurth LLP; Jim Phillips, Philip Aldridge, Charlie Chaffin, William Huang, Moshmee Kalamkar, Miles Ragland, and Roger Starkey of UT System Administration; and Bruce Myers of Cambridge Associates. Director Francisco G. Cigarroa, M.D. joined later in the meeting as noted in the minutes. Mr. Nye called the meeting to order at 3:07 p.m.

Minutes

The first matter to come before the Board was the approval of the minutes of the meeting of the Board of Directors held on April 23, 2009. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the minutes of the meetings of the Board of Directors held on **April 23, 2009**, be, and are hereby, approved.

Dr. Cigarroa joined the meeting at this time.

Committee Assignments

Mr. Nye recommended approval of the following Corporate committee assignments, with the appointment of the Chairman of the Audit and Ethics Committee subject to further approval by the U. T. System Board of Regents in accordance to Section 66.08 of the *Texas Government Code*. Upon motion duly made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, that Director Paul Foster is hereby designated the Chair of the Audit and Ethics Committee and shall preside at its meetings subject to approval by the Board of Regents at their meeting to be held on June 18, 2009, to serve until the expiration of his term, or until his successor has been chosen and qualified, or until his earlier death, resignation or removal; and

BE IT RESOLVED, that Director Janiece Longoria is hereby designated as a member of the Compensation Committee to serve until the expiration of her term, or until her successor has been chosen and qualified, or until her earlier death, resignation or removal; and

BE IT RESOLVED, that Director Paul Foster is hereby designated as a member of the Risk Committee, to serve until the expiration of his term, or until his successor has been chosen and qualified, or until his earlier death, resignation or removal; and

FURTHER RESOLVED, that due to his appointment to the office of Chairman of the Corporation, Chairman Erle Nye shall no longer serve as a member of the Audit and Ethics Committee or the Risk Committee.

Inflation Hedge Derivative Investment

Mr. Nye began by stating that at the last Board meeting, the Corporation Staff gave a presentation on the effects of economic growth and inflation on asset class returns and Mr. Zimmerman explained the inflation insurance that had been purchased for the portfolios through derivative investments. Mr. Nye asked Mr. Zimmerman to give his presentation which was related specifically to Inflation Protection to provide additional information and clarity for the Board. Mr. Zimmerman reported that Staff would continue to refine Staff's thinking related to inflation protection and ensure that UTIMCO has the proper infrastructure in place to properly document, administer, and monitor derivative investments. Mr. Zimmerman presented the results of Staff's work and recommendation concerning the inflation protection through the utilization of derivative instruments to purchase inflation insurance for the Permanent University Fund (PUF), General Endowment Fund (GEF), and the Intermediate Term Fund (ITF). Mr. Zimmerman also discussed the enhancements to procedures related to the documentation, monitoring, and reporting of derivative investments by Operations, Accounting and Risk Management staff. He concluded his presentation by proposing the Staff's recommendation that the UTIMCO Board delegate the authority to UTIMCO Staff to enter into inflation hedge derivative investments for the PUF, GEF and ITF provided that in any fiscal year, the amortized cost of such investments may not exceed ten basis points and the maximum loss resulting from such investments is limited to the amortized cost of such investments. Mr. Zimmerman answered the Directors' questions. After discussion of the Staff's proposed resolution, the Board recommended two changes to the proposal. The Board required an \$80 million limit and restricted investments to long-only investments. Upon motion duly made and seconded, the following resolution, with the amended language included, was unanimously adopted:

RESOLVED that the Board delegates the authority to UTIMCO Staff to purchase such inflation hedge derivative investment(s) for the Permanent University Fund, The University of Texas System General Endowment Fund, and The University of Texas System Intermediate Term Fund (the "Funds") as deemed prudent by UTIMCO Staff provided however, that in any fiscal year, the amortized cost of such investment(s) may not exceed ten (10) basis points relative to the total value of the respective Fund as of the end of the month preceding the date of the investment (with a maximum aggregate cost of \$80 Million) and the maximum allowable loss resulting from such investment(s) is limited to the aggregate cost of such investment(s).

RESOLVED FURTHER, that the CEO and Chief Investment Officer, the President and Deputy CIO, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, in the name and on behalf of the Corporation, in its capacity as the investment manager of the Funds or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolution and to perform the obligations of the Funds relative to the investment(s).

Mr. Nye thanked Mr. Zimmerman and the Board for clarifying the issue and having an active discussion. He also thanked all who helped with legislative issues during the past session. Mr. Tate complimented Mr. Nye for stepping into the leadership role and also for the clear goodwill that he built with the legislature relative to UTIMCO. Dr. Cigarroa also expressed appreciation to Mr. Nye for his masterful leadership of UTIMCO throughout the legislative process. There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 4:21p.m.

Secretary: 
Joan Moeller

Approved:  Date: 7/16/09
Erle Nye
Chairman, Board of Directors of
The University of Texas Investment
Management Company