

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

The Liquidity Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **July 15, 2004**, at the offices of the Corporation, 221 W. 6th Street, Suite 1700, Austin, Texas 78701 said meeting having been called by the Committee Chair, 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 Committee:

I. Craig Hester, Chair
J. Philip Ferguson
Woody L. Hunt

thus, constituting a majority and quorum of the Committee. Committee member Susan M. Byrne did not participate in the meeting. Also attending the meeting were H. Scott Caven, UT System Regent; Bob Boldt, President and CEO of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Larry Goldsmith, Managing Director - Public Markets Investments; Andrea Reed, Risk Manager of the Corporation; Sara McMahon and Trey Thompson, Co-Managing Directors - Non-Marketable Alternative Investments of the Corporation; Jerry Turner, legal counsel for the Corporation; and Charlie Chaffin and Brandon Duck of U. T. System Administration. Chairman Hester called the meeting to order at 8:01 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Director.

Minutes

The first matter to come before the Committee was approval of the minutes of the meeting of the Liquidity Committee held on May 26, 2004. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Liquidity Committee held on **May 26, 2004** be, and are hereby, approved.

Liquidity Policy

Mr. Hester asked Mr. Boldt to discuss the proposed changes to the Liquidity Policy. The changes were to clarify several sections of the Liquidity Policy, require certification of the accuracy of the monthly liquidity reports by each managing director, the risk manager, the chief compliance officer, and the president, and to propose new charts that clarify the range for liquid investments. Mr. Boldt asked Mr. Chaffin if the proposed changes would reflect the UT System Working Group's recommendations and Mr. Chaffin

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concurrent. Mr. Boldt and Mr. Turner answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the amendments to the Liquidity Policy, as recommended be, and is hereby approved in the form submitted to the Committee, subject to approval of the Corporation's Board of Directors.

Charter of the Liquidity Committee

The next item discussed was proposed changes to the Charter of the Liquidity Committee. Mr. Hester asked Mr. Boldt to explain the proposed changes. Mr. Boldt explained that the Charter was adopted by the Board of Directors on April 8, 2004 to enumerate the responsibilities delegated to the Committee. The Committee was established on November 20, 2003 and held its first meeting on March 23, 2004. Since adoption of the Charter, questions have arisen concerning certain responsibilities delegated to the Committee by the Board. The proposed changes to the Charter of the Liquidity Committee have been made to reflect corresponding changes to the Liquidity Policy regarding delegated responsibilities of the Committee and to clarify procedures. Mr. Hunt and Mr. Boldt discussed the changes and the relationship to the Delegation of Authority Policy. As the discussion of the Delegation of Authority continued, changes to both the Liquidity Policy and the Charter of the Liquidity Committee were suggested by the Committee members. Mr. Hunt, Mr. Boldt and Mr. Turner answered the Directors' questions. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the amendments to the Liquidity Policy, as recommended be, and is hereby approved in the form submitted to the Committee, with further changes by the Liquidity Committee, subject to approval of the Corporation's Board of Directors, and

FURTHER RESOLVED, that amendments to the Charter of the Liquidity Committee, as recommended be, and are hereby approved in the form submitted to the Committee, with further changes by the Liquidity Committee, subject to approval of the Corporation's Board of Directors.

Liquidity Report

The next item on the agenda was the report on Liquidity Profiles as of the end of May 2004. Mr. Hester asked Mr. Boldt to review the reports. Mr. Boldt answered the Directors' questions. The PUF and GEF profile reports included certification signatures by the Risk Manager, Chief Compliance Officer, and President of the Corporation. All Managing Directors' signatures were provided certifying the May 31, 2004 report and supporting documentation. Upon motion duly made and seconded, the following

resolutions were unanimously adopted:

RESOLVED, that the Liquidity Profile for May 2004, is hereby approved in the form submitted to the Committee.

Liquidity Threshold

The next matter to come before the Committee was a recommendation to approve an increase in illiquid investments to 23% of the total portfolio. The Non-Marketable Alternative and Public Markets programs are proposing on a pro forma basis an increase of the Corporation's Illiquidity Profile. The proposed Non-Marketable Alternative investments are subject to final due diligence and approval by the Board or may be made by the Corporation's staff as provided in the Delegation of Authority guidelines. There was discussion of the recommendation and Mr. Boldt answered the Directors' questions. Upon motion duly made and seconded, with a suggested change from the Committee to read "approximately 23.5%", the following resolution was unanimously adopted:

RESOLVED, that the Liquidity Committee recommends that the UTIMCO Board consider the investments in Eos Capital Partners III, L.P.; DDJ Total Return Loan Fund, L.P.; OCM Opportunities Fund V, L.P.; and Tejas Venture Partners, L.P., and

FURTHER RESOLVED, that the UTIMCO Board's previously approved investment in State Street Research's Energy Hedge Fund be also designated as illiquid.

If approved, these investments would increase the illiquid allocation to approximately 23.5%, and the Liquidity Committee has no objection to the increase.

There being no further business to come before the Liquidity Committee, the meeting was adjourned at approximately 9:05 a.m.

Secretary: *Jean Moeller*
Jean Moeller

Approved: *I. Craig Hester*
I. Craig Hester, Chair
Liquidity Committee
of the Board of Directors of
The University of Texas Investment
Management Company

Date: 02/07/05