

**MINUTES OF SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting on the 24th of April 2001 at the offices of the Corporation, Town Lake Conference Room, 221 West 6th Street, Austin, Texas, 78701, said meeting having been called by Robert H. Allen, with notice provided to each Director in accordance with the Bylaws. Participating in the meeting were the following members of the Board of Directors (the "Board"):

Robert H. Allen, Chairman
Woody L. Hunt, Vice Chairman
R. D. Burck
Susan M. Byrne
J. Luther King, Jr.
John D. McStay
A. W. "Dub" Riter, Jr.
A. R. (Tony) Sanchez

thus, constituting a majority and quorum of the Board of Directors. Directors Woody L. Hunt and A. R. (Tony) Sanchez joined the meeting by means of conference telephone enabling all persons participating in the meeting to hear each other. Director Lowry Mays was absent. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; Cathy Iberg, Secretary of the Corporation; Dave Russ, of Corporation's management; and Jerry Turner, Vinson & Elkins, legal counsel for the Corporation.

Mr. Allen called the meeting to order at 10:00 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 meetings of the Board of Directors held on February 22, 2001, and March 30, 2001. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meetings of the Board of Directors held on February 22, 2001 and March 30, 2001, be and are hereby approved.

Performance Review

Mr. Ricks reported on the performance of the endowment funds and the operating funds for the second quarter ended February 28, 2001. Total assets under management decreased from \$15.5 billion as of August 31, 2000, to \$14.6 billion as of February 28, 2001. The net investment returns for the one-year period ending February 28, 2001, for the Long Term Fund ("LTF"),

Permanent University Fund (“PUF”), and the Permanent Health Fund (“PHF”) were (1.43)%, (0.26)% and (1.76)% respectively. The net performance for the seven-month period ending March 31, 2001 for the LTF, PUF and PHF were (9.77)%, (9.21)% and (10.19)% respectively. Mr. Ricks reported on the returns for the one-year period ended December 31, 2000 for the PUF and LTF against various Russell/Mellon universes and other large state investment funds. Performance for the Short Term Fund (STF) was 6.53% versus 6.36% for its benchmark for the one-year ended February 28, 2001. The Short Intermediate Term Fund’s (SITF) performance was 10.71% versus 9.68% for its benchmark for the one-year ended February 28, 2001. After his report, Mr. Ricks answered the Directors’ questions.

The audited Statement of Relative Fair Values of Assets and Liabilities for The University of Texas System Long Term Fund and The Permanent Health Fund as of February 28, 2001 was presented to the board members, for which an unqualified opinion was expressed. The audit was performed in conjunction with the pooling of investment assets for the LTF and PHF into a single pooled investment fund known as the General Endowment Fund (“GEF”) beginning March 1, 2001.

Alternative Equities-Nonmarketable

The next item presented to the Board was an update regarding the status of the private investment portfolio by Ms. Astrid Noltemy, Mr. Bruce Myers and Ms. Jennifer Urdan from Cambridge Associates, LLC. Following the presentation, the Cambridge individuals answered the Directors’ questions and left the meeting. During the presentation by Cambridge, Director Tony Sanchez left the meeting by disconnecting from the conference telephone.

Manager Presentations

Mr. Francis Enderle and Mr. Will Britten of Barclays Global Investors reported on Barclays Global Investors’ indexing methodologies, upcoming changes in the index modeling, trading strategies and securities lending. The presenters answered the Directors’ questions, and then left the meeting.

The next presentation was by Goldman Sachs Asset Management. Several principals of Goldman Sachs, including Mr. Bob Litterman, Mr. J. K. Brown, Ms. Melissa Brown, Mr. Alec Stais and Mr. Michael Zaremsky gave a strategic partnership overview, highlighting the partnership framework, portfolio performance, risk management objectives and the Computer–Optimized Research–Enhanced (CORE) investment process. The presenters answered the Directors’ questions and then left the meeting. Director Woody Hunt also left the meeting by disconnecting from the conference telephone.

Legislative Review

Ms. Cathy Iberg and Mr. Jerry Turner presented the current status of the Corporation’s related legislation.

Appointment of Director

The next item presented to the Board was a recommendation to reappoint Mr. King to the Corporation's Board of Directors. Upon motion duly made and seconded the Directors adopted the following resolution:

RESOLVED, that the recommendation of Mr. J. Luther King, Jr. for re-appointment to the UTIMCO Board by the U. T. System Board of Regents until the expiration of a term ending April 1, 2004 be and is hereby approved.

Election of Officers

The next item presented to the Board was Ms. Iberg's resignation as Secretary of the Corporation, in conjunction with her appointment as Interim President and CEO, effective April 24, 2001. The Board recommended appointment of an interim Secretary of the Board and interim Assistant Secretary of the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board of Directors, desires to appoint Ms. Christy W. Wallace to serve as interim Secretary to the Board and Ms. Joan B. Moeller to serve as interim Assistant Secretary to the Board effective upon the contemporaneous resignation by Ms. Cathy A. Iberg, on April 24, 2001, until such time as successors are appointed by the Board of Directors; NOW THEREFORE BE IT

RESOLVED, that the appointment of Ms. Wallace as Secretary of the Corporation and Ms. Moeller as Assistant Secretary of the Corporation to replace Ms. Iberg each such appointment being made on an interim basis under their successors are appointed, is hereby approved; and

RESOLVED, that the resignation of Ms. Iberg, as Secretary of the Corporation, effective April 24, 2001, is hereby accepted.

Report of Compensation Committee

Mr. King provided a report of the Compensation Committee. He stated that the Amended Performance Compensation Plan and the compensation adjustments were recommendations of William M. Mercer, Incorporated. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the Amended Performance Compensation Plan for the year ended August 31, 2001 be and is hereby approved; and

RESOLVED, that the recommendation of the Compensation Committee for compensation adjustments for UTIMCO employees Greg Cox and J. Russell Kampfe be approved and retroactive to September 1, 2000, as presented with the Mercer Study.

Report of Chief Executive Officer Search Committee

Mr. King, Chairman of the Chief Executive Officer Search Committee, reported that a date would soon be determined for the next committee meeting. The agenda for the upcoming meeting will include presentations by three to four search firms, followed by committee selection of the firm best suited to provide a successful search for the Corporation's President and CEO.

Resolution of Appreciation

Prior to the conclusion of the meeting, Chairman Allen read a Resolution of Appreciation adopted by the UTIMCO Board of Directors honoring and recognizing the contributions of Mr. Thomas G. Ricks:

WHEREAS, Thomas G. Ricks first joined the finance and investment staff of The University of Texas System in March 1985, when he was appointed as the UT System Manager of Finance; and

WHEREAS, as a result of his extraordinary talent, professionalism and commitment, Mr. Ricks was progressively assigned greater responsibility within the UT System, culminating with his service as Vice Chancellor for Asset Management and Chief Investment Officer from January 1993 through February 1996; and

WHEREAS, while still serving as Vice Chancellor of the UT System, Mr. Ricks challenged the UT Board of Regents, the UT System Administrators and the Legislative Leaders of the State of Texas to adopt an improved investment management structure resembling that utilized by the nation's private universities with the largest endowments; and

WHEREAS, in response to Mr. Ricks' challenge, during March 1996, the UT System contracted with The University of Texas Investment Management Company for the management of all of the investment funds that are the responsibility of the UT Board of Regents and, thereby, the UT System became the only public university system in the country to spin-off its investment operations into a private nonprofit corporation dedicated exclusively to providing professional oversight and management of university funds; and

WHEREAS, in March 1996, Mr. Ricks resigned his position with the UT System in order to be appointed President and Chief Executive Officer of UTIMCO; and

WHEREAS, under Mr. Ricks' leadership, UTIMCO has managed the investments of the UT System with the highest standards of integrity, professionalism and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely the UT System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's Legislative Leaders, the national credit rating agencies and the capital markets and investment community generally; and

WHEREAS, a disproportionate amount of the credit for UTIMCO's success over the past five years is directly attributable to Mr. Ricks' leadership, integrity, hard work and devotion; and

WHEREAS, to the great regret of the UTIMCO Board of Directors, Mr. Ricks has announced his resignation from UTIMCO to pursue other professional opportunities within the private sector; **NOW, THEREFORE**

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to Thomas G. Ricks their sincerest appreciation for his vision, leadership and professional competency that have contributed to UTIMCO's success; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that Thomas G. Ricks has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of the UT System and the A&M System.

PASSED AND ADOPTED this 24th day of April 2001.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 1:49 p.m.

Secretary: 
Cathy Iberg

APPROVED:

Chairman: 
Robert H. Allen