

**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 on the 26th day of June 2001, at the Tower Club, Thanksgiving Tower - 48th Floor, 1601 Elm Street, Dallas, Texas, said meeting having been called by Robert H. Allen, with notice provided to each member in accordance with the Bylaws. Participating in the meeting were the following members of the Board:

Robert H. Allen, Chairman
Woody L. Hunt, Vice Chairman
Susan M. Byrne
Rita C. Clements
J. Luther King, Jr.
John D. McStay
A. W. "Dub" Riter, Jr.

thus, constituting a majority and quorum of the Board. Members of the Board not present at the meeting were R. D. Burck, and L. Lowry Mays. Also, participating in the meeting was Cathy Iberg, Interim President of the Corporation; Sara Skone, Investment Officer for the Corporation; Christy Wallace, Interim Secretary of the Corporation; and Jerry Turner, legal counsel for the Corporation. Mr. Allen called the meeting to order at 12:20 p.m.

Mr. Allen welcomed Mrs. Rita C. Clements to the meeting as a new board member.

Minutes

The next matter to come before the Board was approval of the minutes of the meetings of the Board of Directors held on April 24, 2001 and May 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
April 24, 2001 and May 30, 2001, be and are hereby approved.

Alternative Investments-Nonmarketable

The next item presented to the Board was a proposed commitment budget for the Alternative Investments – Nonmarketable asset class for the period of July 1, 2001 through June 30, 2002.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that a commitment budget of \$395 million for the Alternative Investments – Nonmarketable asset class for the period July 1, 2001 through June 30, 2002 be and is hereby approved.

Performance Review

Ms. Iberg reported on the performance of the assets under the Corporation's management for the periods ended May 31, 2001. Total assets under management were \$14.7 billion as of May 31, 2001 compared to \$15.5 billion as of August 31, 2000. The net investment returns for the one-year period ending May 31, 2001, for the Permanent University Fund (PUF), Permanent Health Fund (PHF), and the Long Term Fund (LTF) were 0.34%, (0.33)%, and (0.14)%, respectively. The net performance for the nine-month period ending May 31, 2001 for the PUF, PHF and LTF were (5.85)%, (6.64)%, and (6.19)%, respectively. The Short Intermediate Term Fund's (SITF) performance was 10.66% versus 9.92% for its benchmark for the one-year period ended May 31, 2001. Performance for the Short Term Fund (STF) was 6.27% versus 6.03% for its benchmark for the one-year period ended May 31, 2001. Ms. Iberg reviewed the PUF's performance attribution for the nine-month period ending May 31, 2001. Ms. Iberg reported on the returns for the periods ended March 31, 2001 for the PUF, PHF and the LTF against various Russell/Mellon universes and other large state investment funds. Ms. Iberg presented Cambridge's comparison of the endowment's Alternative Equities-Marketable managers against the median return for the periods ending December 31, 2000. After her report, Ms. Iberg answered the Directors' questions.

Appointment of Director

In conjunction with Mrs. Clements' first attendance to a UTIMCO board meeting, a motion was duly made and seconded, and the following resolution was unanimously adopted:

WHEREAS, Section 66.08 of the Texas Education Code (the "Code") requires that the Board of Regents of The University of Texas System (the "Board of Regents") appoint and remove all members of the UTIMCO Board; and

WHEREAS, the Board of Regents, on August 12, 1999, appointed Mr. A. R. (Tony) Sanchez, Jr. to serve as a member of the UTIMCO Board until such time as a successor director was appointed by the Board of Regents; and

WHEREAS, the Board of Regents, on May 10, 2001, appointed Ms. Rita C. Clements to serve as a member of the UTIMCO Board effective upon the contemporaneous resignation by Mr. Sanchez and until such time as a successor director was appointed by the Board of Regents; NOW THEREFORE BE IT

RESOLVED, that the appointment of Ms. Clements to the UTIMCO Board by the Board of Regents to replace Mr. Sanchez, is hereby accepted; and

RESOLVED, that the resignation of Mr. Sanchez from the UTIMCO Board, effective upon the date of appointment of his successor by the Board of Regents, is hereby accepted; and

RESOLVED, that the UTIMCO Board does, on behalf of UTIMCO, express appreciation for the dedication with which Mr. Sanchez has served on the UTIMCO Board.

Report of Chief Executive Officer Search Committee

Mr. King, Chairman of the Chief Executive Officer Search Committee, reported that the firm of Heidrick & Struggles, Inc. had been retained to conduct the search for the Corporation's President and CEO position. A draft version of the position specification provided by Heidrick & Struggles was reviewed and discussed. Mr. King will request minor changes be made to the position specification document and instruct Heidrick & Struggles to proceed accordingly. Once candidates are screened, the interview process will begin by the committee. This concluded Mr. King's report of the Chief Executive Officer Search Committee meeting.

Report of Audit and Ethics Committee

Mr. Riter reported on the Corporation's Audit and Ethics Committee meeting held on June 11, 2001. The Committee approved the minutes of the Audit and Ethics Committee meeting held on November 10, 2000. Ms. Iberg presented the financial statements for the Corporation for the period ended April 30, 2001. She also reviewed the Corporation's fee request for the fiscal year ending August 31, 2002. Mr. William Strange, from the firm of Deloitte & Touche, LLP, made a presentation concerning the proposed engagement letter for the audits of the Permanent University Fund (PUF), the Permanent Health Fund (PHF), the Long Term Fund (LTF), the General Endowment Fund (GEF), the Short Intermediate Term Fund (SITF) and the Corporation for the fiscal year ended August 31, 2001. The Audit and Ethics Committee members approved the appointment of Deloitte & Touche, LLP as the independent auditor subject to approval by the board at this meeting. Ms. Iberg updated the Committee on UTIMCO's compliance, reporting, and outstanding audit issues. There were no items of significance to report. Mr. Riter answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Corporation's Fee Request for the period September 1, 2001 through August 31, 2002 be and is hereby approved; and

RESOLVED, that the firm of Deloitte & Touche, LLP be and is hereby appointed as the independent auditor of the Corporation for the year ended August 31, 2001; and further

RESOLVED, that the firm of Deloitte & Touche, LLP be and is hereby appointed as the independent auditor of the financial statements of the Permanent University Fund, Permanent Health Fund, Long Term Fund, General Endowment Fund, and Short Intermediate Term Fund for the fiscal year ended August 31, 2001.

This concluded Mr. Riter's report of the Audit and Ethics Committee meeting.

Designation of Key Employees

Ms. Iberg recommended certain Corporation employees to be designated as key employees. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the following employees be designated as key employees of the Corporation:

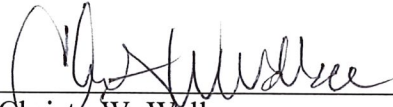
Cathy A. Iberg	Interim President and Chief Executive Officer
Greg Cox	Portfolio Manager – Equity Investments
J. Russell Kampfe	Senior Portfolio Manager – Fixed Income Investments
Harland B. Doak	Portfolio Manager – Fixed Income Investments
Joan Moeller	Accounting and Security Operations Manager
Sara J. Skone	Investment Officer – Private Markets

Manager Presentations


Mr. David Fisher, Mr. George Romine and Ms. Tracey Campbell of Capital Guardian Trust reviewed the performance for the international mandates under management. The review included the International Non-U.S. Equity Accounts, International Non-U.S. Equity Small Cap Accounts and the Emerging Markets Growth Fund Accounts. The presenters answered the Directors' questions and then left the meeting.

There being no further business to come before the Board, the meeting was adjourned at approximately 2:15 p.m.

Interim Secretary:


Christy W. Wallace

Approved:


Robert H. Allen
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date:

8-22-01