

**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 **18th day of June, 2002**, in Salons A&B of the Crescent Court Hotel, 400 Crescent Court, Dallas, Texas, said meeting having been called by the Chairman, A. W. "Dub" Riter, Jr., with notice provided to each member in accordance with the Bylaws.

Participating in the meeting were the following members of the Board:

A.W. "Dub" Riter, Jr., Chairman
J. Luther King, Jr., Vice-Chairman
R. D. Burck
Rita C. Clements
Woody L. Hunt
John D. McStay
R. H. (Steve) Stevens, Jr.

thus, constituting a majority and quorum of the Board. Directors Susan M. Byrne and L. Lowry Mays were not present at the meeting. Also, participating in the meeting were Bob Boldt, President, Chief Executive Officer and Chief Investment Officer of the Corporation; Cathy Iberg, Secretary of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Jerry Turner, legal counsel for the Corporation; and Bruce Myers of Cambridge Associates. Mr. Riter 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 meeting of the Board of Directors held on April 22, 2002. Mr. McStay asked that the minutes include revised language to reflect his request that for each period that performance is reported, the Corporation also include percentile rankings against appropriate peer groups and an updated report on the Corporation's ratings of the alternative nonmarketable managers. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Annual Meeting of the Board of Directors held on April 22, 2002, be and are hereby approved, subject to revision as requested by the Board; and

RESOLVED, FURTHER, that the President and the Secretary of the Corporation be and they are hereby authorized and directed to revise the minutes and to take such other action to accomplish the purposes of the foregoing resolution.

Powers and Authority of Managing Director

The next item presented to the Board was a recommendation, subject to the control of the Board of Directors and the supervision of the President, to give each Managing Director certain powers and authority. Ms. Iberg will maintain her Managing Director title. Upon motion duly made and seconded the Directors adopted the following resolution:

RESOLVED, that subject to the control of the Board of Directors and the supervision of the President, each Managing Director shall be responsible for the business and operations of this Corporation assigned to such Managing Director by the Board of Directors or the President and shall have all such powers and authority as may be reasonably incident to such responsibilities, including the authority to agree upon and execute all leases, contracts, agreements, evidences of indebtedness, certificates, instruments and other documents in the name or on behalf of this Corporation, acting on its own behalf or in its capacity as investment manager under that certain Management Services Agreement dated effective March 1, 1996 between this corporation and the Board of Regents of The University of Texas System, as in effect, amended, restated or replaced, from time to time, and each Managing Director shall have such other powers and duties as may be assigned to such person from time to time by the Board of Directors.

Asset Allocation Review

At this time, Mr. Riter turned the meeting over to Mr. Boldt to discuss asset allocation. Mr. Boldt reviewed the Permanent University Fund (PUF) and the General Endowment Fund (GEF) asset allocation as of May 31, 2002, Actual vs. Policy. Mr. Boldt then answered the Directors' questions.

Performance Review

Mr. Boldt continued with reporting on the performance of the assets under the Corporation's management for the periods ended May 31, 2002. The net performance for the three-month period ended May 31, 2002, for the PUF and the GEF were 2.47%, and 2.61%, respectively. The net performance for fiscal year-to-date ended May 31, 2002, for the PUF and GEF were 0.71% and 1.40%, respectively, versus a benchmark of 2.95%. The Short Intermediate Term Fund's (SITF) performance was 0.63% versus a benchmark of 0.93% for the three-month period ended May 31, 2002. Performance for the Short Term Fund (STF) was 0.50% versus 0.49% for its benchmark for the three-month period ended May 31, 2002. There was a discussion of benchmarks at this time, and Mrs. Clements requested that benchmark breakdowns by market be included on future reports. Also reviewed were the PUF's and the GEF's performance attribution for the three-month and one-year periods ended May 31, 2002. After the report, Mr. Boldt answered the Director's questions.

Distribution Policies

The next item presented to the Board of Directors was a discussion of PUF and LTF Distribution Policies. After describing the differences between the PUF and LTF payout rates and policies, Mr. Boldt answered the Directors' questions and stated that the recommended 2003 annual distribution rates would remain the same as were approved at the February 19, 2002 Board of Directors' meeting, subject to approval by The University of Texas System Board of Regents.

Future Course of UTIMCO

Mr. Riter asked Mr. Boldt to make his presentation on the future course of the Corporation. Mr. Boldt described various aspects of the competitive spectrum, potential value-added opportunities and a proposed new organizational structure within the Corporation. Mr. Boldt answered the Directors' questions. Mr. Hunt asked Mr. Myers to comment on Mr. Boldt's presentation and Mr. Myers stated that Cambridge Associates is very supportive of the proposal.

Report of Audit and Ethics Committee

Mr. Hunt reported on the Corporation's Audit and Ethics Committee meeting held on June 5, 2002. The Committee approved the minutes of the Audit and Ethics Committee meeting held on November 5, 2001. Ms. Iberg presented the financial statements for the Corporation for the period ended April 30, 2002. She also reported on the Statements of Activities and Statements of Cash Flows for the Corporation, as well as the Supplemental Schedules. She noted that the Corporation tracks direct expenses to each of the funds, which is beneficial should the Corporation rebate a portion of its management fee to the investment funds as it did last year. The Corporation's goal is to have a capital reserve equal to one-year of investment fees. There were no significant financial statement items to report. The Audit and Ethics Committee members approved the appointment of Deloitte & Touche, LLP as the independent auditor subject to approval by the Corporation's Board at this meeting. Ms. Iberg updated the Committee on the Corporation's compliance, reporting, and outstanding audit issues. There were no items of significance to report. Mr. Hunt answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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, 2002, 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, 2002.

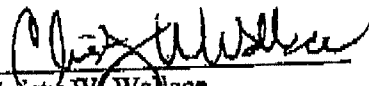
This concluded Mr. Hunt's report of the Audit and Ethics Committee meeting.

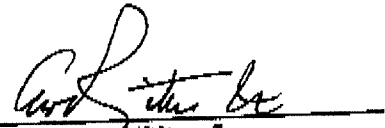
Fee Request

Mr. Boldt discussed the approaching review of the asset allocation policy and other changes to be made, and presented the Annual Fee and Allocation Schedule for the fiscal year ending August 31, 2002. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Fee Request for the period September 1, 2002 through August 31, 2003 be and is hereby approved.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately at 2:00 p.m.

Assistant Secretary: 
Christy W. Wallace

Approved: 
A. W. "Dub" Riter, Jr.
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date: 9/25/02