

**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 **31st day of October, 2002**, in the Pool Suite Meeting Room of the Hotel Crescent Court, 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
Susan M. Byrne
Rita C. Clements
Woody L. Hunt
John D. McStay
R. H. (Steve) Stevens, Jr.
Mark G. Yudof

thus, constituting a majority and quorum of the Board. Director L. Lowry Mays was not present at the meeting. Also, attending the meeting were R. D. Burck, Advisory Director; 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; Sara McMahan and Trey Thompson, Co-Managing Directors of Non-Marketable Alternative Investments of the Corporation; Bill Edwards, Managing Director of Information Technology of the Corporation; Joan Moeller, Managing Director of Accounting, Finance and Administration of the Corporation; and Bruce Myers of Cambridge Associates. Mr. Riter called the meeting to order at 11:50 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Maverick Capital

The first item of business was an introduction by Ms. Iberg of Mr. Lee Ainslie and Mr. Carter Creech of Maverick Capital. Mr. Ainslie presented to the Board an overview of their company's investment strategy, performance, and goals for their funds, and a summary of Maverick's relationship with the Corporation. Mr. Ainslie answered the Directors' questions and then Mr. Ainslie and Mr. Creech left the meeting.

Minutes

The second matter to come before the Board was approval of the minutes of the meeting of the Board of Directors held on September 18, 2002. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held on **September 18, 2002**, be and are hereby approved in the form previously submitted to the directors.

Approval of Songbird Hearing

Mr. Riter read the proposal presented to the Board for an additional investment in Songbird Hearing. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board has reviewed the Investment Recommendation prepared by the Corporation recommending that the Corporation enter into a stock purchase agreement (the "Agreement") with Songbird Hearing, Inc. to invest in the aggregate up to an additional \$5 million of the assets of The Permanent University Fund of the State of Texas ("PUF") and The Board of Regents of The University of Texas System General Endowment Fund ("GEF") in **Songbird Hearing, Inc.**; and

WHEREAS, the Corporation has determined that the Agreement does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated October 31, 2002 for **Songbird Hearing, Inc.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, PUF and GEF, excluding an increase in the amount of the capital commitment to **Songbird Hearing, Inc.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, 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, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Agreement), in the name and on behalf of the Corporation in its capacity as investment manager of PUF and GEF, 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 resolutions and to perform the obligations of this Corporation under the Agreement and the instruments referred to therein.

Following approval of the foregoing resolutions relating to the investments in Songbird Hearing, Inc., Mr. Riter announced that, "the Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive

Session of the Board for the purpose of deliberating personnel items and for the purpose of consultation with attorneys regarding possible litigation over disclosure of private investment information. This Executive Session meeting of the Board is authorized by Texas Government Code § 551.074 (Personnel Matters) and 551.071 (Attorney Client Privilege). The time is now 12:40 p.m.”

In Executive Session, the Board discussed possible litigation over disclosure of private investment information and personnel compensation items. No action was taken and no vote was called for or taken by the Board.

The Board reconvened at 2:15 p.m. in open session and Mr. Riter announced that, “the Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The time is now 2:15 p.m. During the Executive Session, the Board discussed litigation over disclosure of private investment information and personnel items, but did not take any votes.”

Website Application

Mr. Riter asked Mr. Boldt to discuss the new Board of Directors internet application. Mr. Boldt gave a demonstration of the new password protected website that will allow the Board to review current news articles related to the Corporation, portfolio and performance news as well as contact information, investment policies and the directors’ manual all on line.

Note Purchase Agreements

Mr. Riter asked Jerry Turner to review the Note Purchase Agreements between the UT System Board of Regents and the Corporation; and between the Texas A&M System Board of Regents and the Corporation. Mr. Turner led a discussion of the flexible rate notes and answered questions from the Board. Mr. Burck left the meeting during the discussion, deliberations and action taken regarding this item of business. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Officers of the Corporation to enter into a Note Purchase Agreement with the Board of Regents of the University of Texas System dated December 1, 2002 in the amount of \$400,000,000; and with the Board of Regents of the Texas A&M University System dated December 6, 2002 in the amount of \$80,000,000.

Possibility of Managing Other Funds

Mr. Riter turned the meeting over to Mr. Boldt to discuss the possibility of the Corporation to manage non-UT System funds. The UT System Office of General Counsel (OGC) is researching the issue. Although the ultimate decision will rest with the UT System Board of Regents, the Corporation recommends that they consider future specific proposals to manage investment assets of related foundations and organizations, meeting all UTIMCO and UT System criteria, if OGC approves such action.

Audit and Ethics Committee

Mr. Hunt, Audit and Ethics Committee Chairman, reported on behalf of the Audit and Ethics Committee. Mr. Hunt stated that there were no notable items to report and recommended the following resolution. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, and The University of Texas System Short Intermediate Term Fund, each for the fiscal years ended August 31, 2002, and August 31, 2001, and The University of Texas System General Endowment Fund for the fiscal year ended August 31, 2002, and the period from inception (March 1, 2001) to August 31, 2001 as recommended by the Audit and Ethics Committee be, and are hereby approved.

Compensation Committee

Mr. King, Chairman of the Compensation Committee, proposed that the following resolution regarding compensation for the Corporation's President be approved and that the resolution regarding the Performance Compensation Plan will be deferred until the next meeting. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the 2003 Base Salary (for the period September 1, 2002 through August 31, 2003) and 2002 Performance Compensation Award, for the Corporation's President as recommended by the Compensation Committee be and is hereby approved.

Derivatives Policy

Ms. Iberg handed out a policy on derivatives as an exhibit to the Investment Policy Statements. After discussion regarding the policy, and the asset allocation limits set for the application, the Board approved the policy with two recommended changes. The Derivative Investment Policy with blacklined changes accompanies these minutes.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 4:15 p.m.

Secretary: Cathy A. Iberg
Cathy A. Iberg

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

Date: 12/17/02