

**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 at 10:00 a.m. on the **13th day of January 2004**, in the offices of the Corporation, Town Lake Conference Room, 221 West 6th Street, Austin, Texas, 78701, said meeting having been called by the Chairman, Woody L. Hunt, with notice provided to each member in accordance with the Bylaws.

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

Woody L. Hunt, Chairman
J. Luther King, Jr., Vice-Chairman
Mark G. Yudof, Vice-Chairman for Policy
Rita C. Clements
J. Philip Ferguson
I. Craig Hester
James R. Huffines
R. H. (Steve) Stevens, Jr.

thus, constituting a majority and quorum of the Board. Director Susan M. Byrne was not present at the meeting. Also, attending the meeting were R. D. Burck, Advisory Director; Scott Caven and Cyndi Krier, U. T. System Regents; Bob Boldt, President, Chief Executive Officer and Chief Investment Officer of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Cathy Iberg, Managing Director - Marketable Alternative Investments and Deputy CIO; Larry Goldsmith, Managing Director of Public Markets; Andrea Reed, Risk Manager; Sara McMahon and Trey Thompson, Managing Directors - Non-Marketable Alternative Investments of the Corporation; Bill Edwards - Managing Director Information Technology; Greg Lee, Manager of Finance and Administration; Lindel Eakman, Associate - Non-Marketable Alternative Investments; Jerry Turner, legal counsel for the Corporation; Philip Aldridge, Charlie Chaffin, Sandra Neidhart, Jerry Modjeski, and Michael Warden of U. T. System Administration; Bruce Myers of Cambridge Associates; Greg Smith of Mercer Human Resource Consulting; and Steven Voss of EnnisKnupp. Mr. Hunt 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 December 4, 2003. 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 December 4, 2003 be, and are hereby, approved.

Endowment and Operating Funds Update

Mr. Hunt asked Mr. Boldt to give an endowment and operating funds update. The latest performance information was presented. Mr. Boldt reported value added under the Corporation's management for the period ended November 30, 2003. He provided a handout that listed the tactical decisions, made during March 2003 – December 2003 time period, which assisted in creating value added while keeping risk tightly controlled. The net performance for the one month period ended November 30, 2003, for the PUF and the GEF were 1.68%, and 1.84%, respectively. The net performance for one year ended November 30, 2003, for the PUF and GEF were 19.34% and 20.19%, respectively. The Short Intermediate Term Fund's (SITF) performance was 0.08% versus benchmark return of 0.00% for the one-month period ended November 30, 2003. Performance for the Short Term Fund (STF) was 0.08% versus 0.08% for its benchmark for the one-month period ended November 30, 2003. Also reviewed were manager history performance summary and a liquidity profile as of November 30, 2003.

Compensation Committee Report

Mr. Hunt asked Mr. King, Chairman of the Compensation Committee, to lead the discussion on the proposed Compensation Plan. Mr. King reported that the Committee has had numerous meetings discussing the specifics of the Compensation Plan. They have reviewed documents prepared by Mercer Human Resources Consulting and discussed benchmarks as related to the compensation guidelines for the Plan for the Fiscal Year 2003-2004 with Bruce Myers of Cambridge. At their last meeting of the Compensation Committee held on December 19, 2003, the Committee recommended that the proposed Compensation Plan be presented to the Board of Directors, with the Board of Directors to determine the effective date of the Plan. Mr. Boldt recommended that the effective date of the Plan be set as Sept. 1, 2003. After discussion and the Directors' questions being answered by Mr. Hunt, Mr. King, Mr. Boldt, Mr. Smith of Mercer and Mr. Myers of Cambridge, upon motion duly made and seconded, the following resolution, with the added clause to make it subject to approval by the Board of Regents, was adopted by a vote of six ayes and two nos, with Director Yudof and Director Huffines voting against the proposed plan:

RESOLVED, that the Compensation Plan, as recommended by the Compensation Committee, with an effective date of September 1, 2003, is hereby approved in the form submitted to the Corporation's Board of Directors, subject to approval by the U. T. System Board of Regents.

The meeting was recessed at 12:26 p.m.

The Board of the Corporation reconvened in an open meeting at 1:30 p.m. Director Yudof, Mr. Caven and Mr. Burck left the meeting during the recess.

UTIMCO Annual Financial Statements and Audit Report

Chairman Woody L. Hunt called the meeting to order at 1:30 p.m. He asked Ms. Moeller to present the UTIMCO Annual Financial Statements and Audit Report. The financial statements were audited by Ernst & Young, LLP. Ernst & Young offered an unqualified opinion on the August 31, 2003 financial statements. Director Stevens, Chairman of the Audit and Ethics Committee, stated that he had met with Ricky Richter of Ernst & Young and that there were no audit adjustments. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the annual financial statements and audit report for the Corporation for the years ended August 31, 2003, and August 31, 2002 be, and are hereby approved in the form as presented to the Board.

Mr. Hunt thanked Mr. Stevens for his professional leadership of the Audit and Ethics Committee.

Annual Report

The next item on the agenda was the Annual Report. Mr. Boldt thanked Ms. Moeller and her staff for their hard work on the report. As a result of an earlier Corporation Customer Survey, an advisory board had been formed with component representatives to assist with new direction for the Annual Report. The committee recommended a more modular approach to the report to benefit all components. The new look and the many customized options of the report have been very well received.

Manager Watch List Update

As the last item on the agenda, Mr. Hunt asked Mr. Goldsmith to give an update on the manager Watch List for Public Markets. The report provided an update to the Board on the status of two managers on the Watch List and provided insight into the proposed timeline for issue resolution.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 2:07 p.m.

Secretary:

Joan Moeller
Joan Moeller

Approved:

Woody L. Hunt
Woody L. Hunt
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date:

4/22/03