

**MOTION FROM OPEN SESSION
APRIL 29, 2004**

U. T. Board of Regents: Discussion and appropriate action regarding Board's ongoing review of The University of Texas Investment Management Company (UTIMCO) issues including the Board oversight, contractual relationship, and the structure of UTIMCO, following remarks concerning report from UTIMCO Working Group

I move that the Board approve the general recommendations contained in Sections 4.1 through 4.15 of the document entitled "U. T. System Staff Observations and Recommendations on UTIMCO Review Issues" and listed behind Tab 2 of the "Report of the UTIMCO Working Group to the Board of Regents of the University of Texas System Regarding Certain Investment Management and Oversight Issues" with modifications to 4.5 and 4.10 as follows:

- 4.5 System staff and its consultants should be ~~intricately~~ involved in UTIMCO issues, such as
- Key role regarding creation of investment policies, review of UTIMCO budget, and review of implementing statute and agreement
 - Work closely with UTIMCO staff to suggest needed changes to UTIMCO bylaws and internal policies
 - Work with UTIMCO staff concerning compliance with Texas Open Meetings Act and Texas Public Information Act
- 4.10 Seek Attorney General's opinion concerning ability of U. T. Board of Regents to discuss performance of external UTIMCO Directors ~~and the UTIMCO CEO~~ in closed meeting under provisions of the Texas Open Meetings Act.

I further move that the Board authorize Chancellor Yudof, and the U. T. System staff at his direction, to recommend to the Board of Regents, in its fiduciary role, an effective oversight system for the proper management of UTIMCO, including, but not limited to, authority for investment policies; clear procedures for the selection of outside UTIMCO directors; process for budget review; and periodic review of the Investment Management Services Agreement, and any revisions thereto; and other matters consistent with the recommendations cited above.

I further move that the Board authorize Chancellor Yudof to put procedures in place concerning the assignment of U. T. System staff and consultants related to UTIMCO activities.