**MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors of The University of Texas Investment Management Company (the "Corporation") convened in special meeting on the 14th day of April, 1997, in the Regents Meeting Room, Ashbel Smith Hall, 9th Floor, 201 West Seventh Street, Austin, Texas, said meeting having been called by the Chairman with notice provided to each Director in accordance with the Bylaws. Participating in the meeting were the following members of the Board of Directors:

Thomas O. Hicks, Chairman
Robert H. Allen
Susan M. Byrne
William H. Cunningham
Richard W. Fisher
J. Luther King, Jr.
Tom Loeffler
Homer L. Luther, Jr.

thus constituting a majority and quorum of the Board of Directors. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; Jerry E. Turner, Secretary of the Corporation; Cathy Iberg of Corporation management; and A.W. "Dub" Riter, Jr., a member of the Board of Regents of The University of Texas System (the "System"). Director Donald L. Evans was absent from the meeting. Mr. Hicks called the meeting to order at approximately 12:40 p.m.

Approval of Minutes

The first matter to come before the Board of Directors was approval of the minutes of the meeting of the Board of Directors held on March 13, 1997, copies of which had previously been furnished to each Director. 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 March 13, 1997 be, and are hereby, approved in the form presented to the Board.

Investment Review

Next, Mr. Ricks reviewed an Investment Report for the Second Quarter (ended February 28, 1997) of Fiscal Year 1996-97, copies of which had previously been distributed to each Director. The Report summarized the investment policies and results of all assets under management by the Corporation, including the Permanent University Fund ("PUF") and the System's Long Term Fund ("LTF"), Short/Intermediate Term Fund ("S/ITF"), Short Term Fund ("STF") and Separately Invested Endowments, Trusts and Other Accounts ("Separate Funds"). Mr. Ricks also reviewed additional investment reports for the calendar year ended December 31, 1996, copies of which had previously been distributed to each Director. These additional reports depicted the overall performance and asset allocation of the PUF, the LTF, the S/ITF, the STF and the Separate Funds during the past calendar year. Mr. Ricks then responded to questions from the Directors.

Review of Asset Managers

As part of his investment review, Mr. Ricks discussed the relative performance of certain internal and external investment managers. With respect to operating funds currently invested in Goldman Sachs Financial Square Prime Obligations Fund pursuant to an arrangement between the Corporation and Goldman, Sachs & Co., Mr. Ricks stated that Corporation management had sought competitive proposals from Goldman, Sachs & Co. and other firms interested in managing the investment of such operating funds. Mr. Ricks then reviewed the eleven proposals received and responded to questions from Directors. Mr. Ricks stated that, based upon an evaluation of all proposals, he recommends that the Corporation terminate its arrangement with Goldman, Sachs & Co. and enter into an arrangement with Dreyfus Service Co. to invest operating funds in a money market mutual fund created by Dreyfus which will mirror the investment parameters and styled after the Dreyfus Cash Management Plus Fund, Inc. Mr. Ricks stated that such action should result in reduced investment costs, thereby enhancing investment returns on operating funds. Mr. Fisher then disclosed that the chief executive officer of the Dreyfus Corporation, Steve Canter, is an investor in Value Partners, Ltd., of which Mr. Fisher is the managing partner. Accordingly, Mr. Fisher abstained from discussing Mr. Ricks' recommendation and from voting or otherwise participating in the decision of the Board of Directors on this matter. After discussion by the other Directors, upon motion duly made and seconded, the following resolutions were unanimously adopted:

> RESOLVED, that the Corporation terminate its arrangement with Goldman, Sachs & Co. to invest operating funds in Goldman Sachs Financial Square Prime Obligations Fund and enter into an arrangement with Dreyfus Service Co. to invest operating funds in Dreyfus Cash Management Plus, Inc.; and be it further
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> RESOLVED, that the President and any Vice President 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 agreements, notices and certificates required or permitted to be given or made in connection with this matter) in the name and on behalf of the Corporation, or otherwise, as such officer of the Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolution and to perform the obligations of the Corporation under the aforementioned arrangement with Dreyfus Service Co.

Next, Mr. Ricks advised the Board of Directors that Corporation management was exploring the use of a global balanced multi-asset manager structure for a portion of PUF and LTF assets. Mr. Ricks stated that this structure is currently in use by certain large private pension funds. Under this structure, a single manager would be assigned responsibility for managing investments within the entire range of asset categories (other than Alternative Assets) authorized by the investment policies of the Board of Regents of the System, subject to specific asset allocation targets, ranges and performance objectives established by the Board of Directors. This structure contrasts with the traditional manager structure under which separate managers are selected for each asset category. After discussion, the Board of Directors directed Mr. Ricks to invite various firms qualified to act as global balanced multi-asset managers to make presentations to the Board of Directors at the June meeting. Mr. Ricks also advised the Board of Directors that Corporation management would continue their review and analysis of the relative performance of certain internal and external managers for the purpose of making a further report to the Board of Directors at the June meeting.

(At this point, Ms. Iberg left the meeting and Austin Long and Craig Nickels of Corporation management joined the meeting.)

Consideration of Commitment to GarMark Partners, L.P.

The next matter to come before the Board of Directors was consideration of a proposed investment in GarMark Partners, L.P. Mr. Hicks disclosed that GarMark Partners, L.P., is formed to invest private mezzanine capital and, consequently, will be in competition with TCW/Crescent, which is an affiliated fund of Hicks, Muse, Tate and Furst, Inc. Accordingly, Mr. Hicks stated that he would abstain from voting or otherwise participating in the decision of the Board of Directors on this matter. Mr. Long then reviewed a Due Diligence Review and Recommendation describing the terms and conditions of the proposed investment, copies of which had previously been furnished to each Director. After discussion, Garrett Bewkes and Mark Solow, principals of GarMark Advisors, L.L.C., joined the meeting. Mr. Bewkes and Mr. Solow reviewed a written presentation to the Corporation, copies of which were distributed to each Director. Their presentation described GarMark Partners, L.P., including the prior performance, experience, capabilities, strategy and commitment of GarMark Advisors, L.L.C. After responding to questions from Directors, Mr. Bewkes and Mr. Solow left the meeting room. Mr. Ricks then made a brief presentation on the proposed investment. Following discussion, the consensus of the Board of Directors was not to approve the proposed investment.

(At this point, Mr. Allen and Mr. Luther left the meeting.)

Presentation on Commodity Investing

Mr. Ricks reminded the Board of Directors that the specific asset allocation targets, ranges, and performance objectives established for the PUF and the LTF targeted five percent of each fund for Inflation Hedging Alternative Assets. Mr. Ricks then introduced Steve Strongin and Peter O'Hagen of Goldman, Sachs & Co., who had joined the meeting. Mr. Strongin and Mr. O'Hagen made a presentation regarding the use of commodities as potential inflation hedging assets. Mr. Strongin also provided each Director with materials describing the Goldman Sachs Commodity Index ("GSCI") and explained that GSCI is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures diversified across a broad spectrum of commodities. Mr. Strongin and Mr. O'Hagen responded to questions from Directors. Following their presentation, Mr. Strongin and Mr. O'Hagen left the meeting room.

(At this point, Mr. Loeffler also left the meeting.)

Approval of ING Equity Partners II, L.P.

The next matter to come before the Board of Directors was consideration of a proposed limited partnership investment in ING Equity Partners II, L.P. Mr. Long and Mr. Nickels reviewed a Due Diligence Review and Recommendation describing the proposed limited partnership investment, copies of which had previously been furnished to each Director. After discussion, Tracey Rudd, Olivier L. Trouveroy and Gregory P. Flynn, representatives of Lexington Equity Partners II, L.L.C., joined the meeting. They reviewed a written presentation to the Corporation, copies of which were distributed to each Director. Their presentation described ING Equity Partners II, L.P., including the prior performance, experience, capabilities, strategy and commitment of the management team. After responding to questions from Directors, Ms. Rudd, Mr. Trouveroy and Mr. Flynn left the meeting room. Mr. Ricks then made a brief presentation on the proposed investment. Following discussion, upon motion duly made and seconded, the following resolutions were unanimously adopted:

> WHEREAS, the Board of Directors has reviewed a Due Diligence Memorandum and Recommendation prepared by the Corporation's management recommending that the Corporation enter into a Limited Partnership Agreement (the "Agreement") with Lexington Equity Partners II, L.L.C., to invest Permanent University Fund ("PUF") and Long Term Fund ("LTF") assets in ING Equity Partners II, L.P. (the "Fund"), in an amount equal to the lesser of 20% of capital raised by the Fund or $40 million; and
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> WHEREAS, on April 14, 1997, the Board heard a presentation from and interviewed representatives of Lexington Equity Partners II, L.L.C., concerning the Fund; and
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> WHEREAS, the Board desires to enter into the Agreement with Lexington Equity Partners II, L.L.C., to invest PUF and LTF assets in the Fund in an amount equal to the lesser of 20% of capital raised by the Fund or $40 million; and
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> 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;
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> NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in ING Equity Partners II, L.P., Due Diligence Review and Recommendation dated April 14, 1997, be approved; and be it further
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> RESOLVED, that the President and any Vice President of the 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 the Corporation, excluding an increase in the amount of the capital commitment to the Fund; and be it further
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> RESOLVED, that the President and any Vice President 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, or otherwise, as such officer of the 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 the Corporation under the Agreement and the instruments referred to therein.

Given the late hour and the absence of four Directors, Mr. Fisher asked to postpone the Report of the Compensation Committee.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 6:20 p.m.

Secretary

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APPROVED:

Chairman