

**MINUTES OF 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 a special meeting on the 27th of April 2000 at the Tower Club, St. Lawrence Room, Thanksgiving Tower - 48th Floor, 1601 Elm Street, Dallas, Texas, said meeting having been called by the Vice 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 (the "Board"):

Robert H. Allen, Vice Chairman
Susan M. Byrne
Woody L. Hunt
J. Luther King, Jr.
John D. McStay
A. W. "Dub" Riter, Jr.
A. R. (Tony) Sanchez, Jr.

thus, constituting a majority and quorum of the Board of Directors. Directors William H. Cunningham and L. Lowry Mays were absent. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; Cathy Iberg, Secretary of the Corporation; Dave Russ of Corporation's management; and Jerry Turner, Vinson & Elkins, legal counsel for the Corporation.

Mr. Allen called the meeting to order at 10:07 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director.

Minutes

The first item to come before the Board was approval of the minutes of the meeting of the Board of Directors held on February 24, 2000. 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 February 24, 2000 be and are hereby approved.

Report of Strategic Review Committee

Mr. Hunt reported on the status of the Strategic Review Committee and stated that the Committee had held two meetings. Mr. Hunt stated that additional information had been requested of the Corporation's staff and that the Committee would continue to meet until it was in a position to make a recommendation to the full Board. Mr. Allen stated that a special meeting of the Board would then be called to review the Committee's recommendation.

Executive Review

The next item to come before the Board was an executive review by Mr. Ricks. Mr. Ricks stated that the total value of the assets under the Corporation's management as of March 31, 2000 was \$15.2 billion. He stated that the performance for the one-year period ended March 31, 2000 was 16.33% for the Permanent University Fund and 23.96% for the Long Term Fund that compared to the Endowment Policy Portfolio return of 17.67%. Mr. Ricks reviewed the endowment funds' asset allocation compared to the Neutral Policy Portfolio by dollar exposure to each asset class as of March 31, 2000. Mr. Ricks reviewed the investment manager structure for the endowment funds' by asset class and noted where new manager mandates were required. Mr. Ricks reported on the status of the transition plan for the endowment funds and answered the Directors' questions.

Portfolio Manager Searches

Mr. Ricks stated that the Corporation was in the process of identifying investment managers for four equity asset classes, Established International, Emerging Markets, Small Cap Value and Alternative Marketable. Mr. Russ reviewed the Corporation's generic process for identifying and hiring Public Market managers. By way of example Mr. Russ presented the selection process for active EAFE managers. Mr. Russ also reviewed with the Directors the termination process concerning Public Market managers. Following the presentation Mr. Russ answered the Directors' questions.

Presentation by Schroders

Mr. Russ and Mr. Ricks introduced Nancy Tooke and Christopher Fasciano from Schroder Investment Management North America ("Schroders"). Schroders manages approximately \$334 million in Small Cap Value for the Permanent University Fund, the Permanent Health Fund and the Long Term Fund. The Schroders' representatives distributed presentation materials to the Directors and presented Schroders' performance compared to Small Cap Market indices for the periods previous to and including March 31, 2000. Following the presentation the presenters answered the Directors' questions and then left the meeting.

The Directors recessed for a ten-minute break and reconvened in open session at approximately 12:55 p.m.

Alternative Investments Program- Nonmarketable

Mr. Ricks reviewed the Alternative Equities Nonmarketable Program as of February 29, 2000 and noted that the value of the program was \$1.4 billion. He stated that the annualized IRR as of February 29, 2000 was 22.61%. Mr. Ricks stated that the program's authorized commitments for the year ending August 31, 2000 is \$296.3 million in which all but \$45 million had been committed. Mr. Ricks presented to the Board for their approval two follow-on investments, Wingate Partners III, L.P. and Carlyle Partners III, L.P. Mr. Ricks reviewed the due diligence and recommendation for Wingate Partners III, L.P., answered the Directors' questions and upon motion duly made and seconded, the following resolution was adopted. While Mr. King had no pecuniary interest in the investment, none the less he was acquainted with Wingate Partners and indicated to the Board that he would abstain from voting.

WHEREAS, the Board has reviewed a Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into a limited partnership agreement (the "Agreement") with Wingate Management Company III, L.P. to invest up to \$20 million of PUF, PHF and LTF assets in Wingate Partners III, L.P.;

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 Due Diligence Review and Recommendation dated April 27, 2000 for Wingate Partners III, L.P. be approved; and be it further

RESOLVED, that the President 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, excluding an increase in the amount of the capital commitment to Wingate Partners III, L.P.; and be it further

RESOLVED, that the President, 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, 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.

Mr. Ricks reviewed the due diligence and recommendation for Carlyle Partners III, L.P. and answered the Directors' questions and upon motion duly made and seconded, the following resolution was unanimously adopted.

WHEREAS, the Board has reviewed a Due Diligence Review and Recommendation prepared by the Corporation's management and supplemental analysis from Cambridge Capital Advisors, Inc. dated December 1999, recommending that the Corporation enter into a limited partnership agreement (the "Agreement") with TC Group III, LLC to invest up to \$25 million of PUF, PHF and LTF assets in Carlyle Partners III, L.P.;

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 Due Diligence Review and Recommendation dated April 27, 2000 for Carlyle Partners III, L.P. be approved; and be it further

RESOLVED, that the President 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, excluding an increase in the amount of the capital commitment to Carlyle Partners III, L.P.; and be it further

RESOLVED, that the President, 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, 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.

Key Officers

The next item presented to the Board was a list of key officers of the Corporation. As required by the Corporation's Code of Ethics the Board shall designate by position the key employees of the Corporation. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the following employees be designated as key employees of the Corporation:

Thomas G. Ricks	President and Chief Executive Officer
David H. Russ	Managing Director - Public Markets
Cathy A. Iberg	Managing Director - Investment Operations
Greg L. Cox	Portfolio Manager
J. Russell Kampfe	Portfolio Manager

Board of Directors Annual Meeting Date

The next item presented to the Board was the designation of the annual meeting for the purposes of electing officers for the ensuing year and transacting such other business as may be properly brought before such Annual Meeting. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Annual Meeting of the Corporation is called to be held on October 27, 2000 in Austin, Texas.

Unitization of Endowment Funds

Mr. Ricks made a presentation on unitizing the investment assets of the Permanent University Fund, the Permanent Health Fund and the Long Term Fund. Mr. Ricks reviewed the advantages associated with unitization and the required implementation steps that would need to be performed before the endowment funds could be unitized. The Board indicated that the Corporation should proceed with the implementation steps as provided in the materials and report on the unitization plan at the next regular Board meeting.

Office Relocation

Ms. Iberg presented the Corporation's proposed office relocation and cited the reasons for the move. Ms. Iberg also reported the implications of the move on the Corporation's budget and the lack of available space in the downtown Austin area. Following the presentation, Ms. Iberg answered the Directors' questions.

Preliminary FY 2001 Budget

Ms. Iberg reviewed the Corporation's preliminary budget for the fiscal year ending August 31, 2001 and indicated the reasons for the increases or decreases when compared to the August 31, 2000 budget and answered the Directors' questions.

Mr. Ricks updated the Board on Legislative Committee Hearings concerning the investment of assets under the Corporation's management.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 2:25 p.m.

Secretary: 

APPROVED:

Vice Chairman: 