

**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 13th day of March, 1997 by means of conference telephone enabling all persons participating in the meeting to hear each other, 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; Austin Long 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 9:10 a.m.

Recommendation to Appoint New Director

The first matter to come before the Board of Directors was approval of a recommendation to the System Board of Regents to appoint Mr. Riter, a newly appointed member of the System Board of Regents, to the Corporation's Board of Directors. Mr. Hicks stated that Mr. Donald L. Evans had been elected Chairman of the Board of Regents of the System and intended to resign from the Board of Directors upon the appointment of his successor by the System Board of Regents. Mr. Hicks described Mr. Riter's background and stated that he would make an excellent addition to the Board of Directors. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Mr. A.W. "Dub" Riter, Jr. be recommended for appointment to the Board of Directors by the Board of Regents of the System to serve until February 1, 1999 or until his successor is chosen and qualifies, or until his earlier resignation or removal.

Approval of Minutes

Next, the Board of Directors reviewed the minutes of the meeting of the Board of Directors held on January 27, 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 January 27, 1997 be and are hereby approved in the form presented to the Board.

Approval of Commitment to 3i European Fund II

The next matter to come before the Board of Directors was consideration of a proposed investment in 3i European Fund II. Mr. Ricks advised the Board of Directors that the proposed investment in 3i European Fund II and the proposed investment in RSTW Partners III, L.P., which would also be considered at this meeting, were follow-on investments, meaning that the System had previously invested in prior funds established by the general partner of each fund now under consideration. Mr. Long reviewed a Due Diligence Review and Recommendation describing the terms and conditions of the proposed investment as well as management's basis for its recommendation. Mr. Long also pointed out the differences in legal structure and compensation arrangements from the prior fund in which the System had invested. 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 3i Group, plc, to invest Permanent University Fund ("PUF") and Long Term Fund ("LTF") assets in 3i European Fund II (the "Fund"), in an amount equal to the lesser of 20% of capital raised by the Fund or the ECU equivalent of \$20 million; and

WHEREAS, the Board desires to enter into the Agreement with 3i Group, plc, to invest PUF and LTF assets in the Fund, provided that the Board has determined to increase the amount to be invested in the Fund to the lesser of 20% of capital raised by the Fund or the ECU equivalent of US \$30 million; 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 3i European Fund II Due Diligence Review and Recommendation dated March 13, 1997, amended to include an increase in the capital commitment to the lesser of 20% of capital raised by the Fund or the ECU equivalent of US \$30 million, be approved; and be it further

RESOLVED, that the President and any Vice President 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 the Fund; and be it further

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 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.

Approval of Commitment to RSTW Partners III, L.P.

The next matter to come before the Board of Directors was consideration of a proposed investment in RSTW Partners III, L.P. Mr. Long reviewed a Due Diligence Review and Recommendation describing the terms and conditions of the proposed investment as well as management's basis for its recommendation. Mr. Long also pointed out the differences in the terms of the proposed investment from the prior fund in which the System had invested. 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 Rice Mezzanine Corp., to invest Permanent University Fund ("PUF") and Long Term Fund ("LTF") assets in RSTW Partners III, L.P. (the "Fund"), in an amount equal to the lesser of 20% of capital raised by the Fund or \$40 million; and

WHEREAS, the Board desires to enter into the Agreement with Rice Mezzanine Corp., 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

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 RSTW Partners III, L.P. Due Diligence Review and Recommendation dated March 13, 1997 be approved; and be it further

RESOLVED, that the President and any Vice President 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 the Fund; and be it further

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 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.

Amendment of Corporation's Bylaws

The next matter to come before the Board of Directors was consideration of a proposed amendment of Section 3 of Article III of the Bylaws relating to the appointment and terms of directors, copies of which had previously been distributed to each Director. Mr. Hicks explained that the proposed amendment would allow the terms of the outside directors to expire on a single date and thus facilitate the evaluation of directors at a single time. Following discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendment of Section 3 of Article III of the Bylaws of the Corporation, as presented below, be approved, subject to approval of such amendment by the Board of Regents of the System at said board's meeting on May 8, 1997:

Section 3. Appointment and Term. Except for those Directors named in the Articles of Incorporation, Directors shall be appointed by the Board of Regents, except that the Chancellor of the System shall serve as a Director so long as he remains Chancellor of the System. Until otherwise changed by the Board of Regents in compliance with applicable law, the members of the Board of Directors shall include (i) the Chancellor of the System, (ii) at least three (3) persons then serving as members of the Board of Regents ("Regental Directors"), and (iii) one or more persons selected from a list of candidates submitted by the Board of Regents of the Texas A&M University System. The three (3) Regental Directors shall serve for two year terms that expire on the first day of February of each odd-numbered year, except that the initially appointed Regental Directors shall serve until February 1, 1997. The remaining Directors (other than the Chancellor of the System and the

Regental Directors) shall serve three year terms that expire on the first day of February of the appropriate year, except that the term of [~~one of the initially appointed~~] all remaining Directors serving on May 8, 1997 shall end on February 1, 1999. [~~7, the term of two (2) of the initially appointed Directors shall end on February 1, 1998, the term of remaining two (2) of the initially appointed Directors shall end on February 1, 1999; provided, however, that no such Director (other than the Chancellor of the System or the Regental Directors) shall serve more than three (3) full three year terms.~~] Notwithstanding the foregoing, the Board of Regents may from time to time alter the terms of the Directors. Each person serving as a Director shall serve until the earlier to occur of (i) the expiration of such Director's term or (ii) such Director's death, resignation, or removal as provided in these Bylaws.

Recommendation to Re-Appoint Director

The next matter to come before the Board of Directors was approval of a recommendation to the System Board of Regents to re-appoint Mr. J. Luther King, Jr., whose term expired February 1, 1997, to the Board of Directors. Following discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

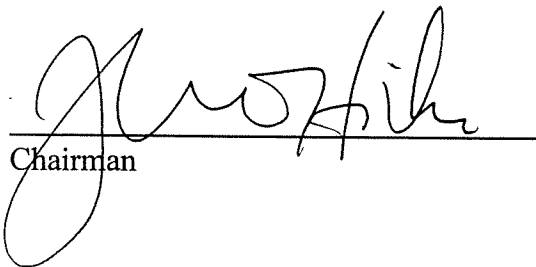
RESOLVED, that Mr. J. Luther King, Jr. be recommended for re-appointment to the Board of Directors by the Board of Regents of the System to serve until February 1, 1999 or until his successor is chosen and qualifies, or until his earlier resignation or removal.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 10:05 a.m.

Secretary



APPROVED:



Chairman