

**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 8th of November 1999 at the offices of Vinson & Elkins, L.L.P., West Conference Room – 28th Floor, 1001 Fannin, Houston, 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
William H. Cunningham
Woody L. Hunt
J. Luther King, Jr.
A. W. "Dub" Riter, Jr.
A. R. (Tony) Sanchez, 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; Cathy Iberg, Secretary of the Corporation; Dave Russ, Austin Long, Craig Nickels and Charles Preston of Corporation's management ("Management"); and Jerry Turner, Vinson & Elkins, legal counsel for the Corporation.

Mr. Allen called the meeting to order at 1:45 p.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director.

Approval of Investments for Alternative Non-Marketable Programs

Mr. Ricks reported that management was proposing an aggregate of \$112 million in commitments to five investments, one of which was a direct co-investment in Songbird Medical, Inc. This amount, if approved in its entirety, and added to the \$65 million committed by the Board at its September 22, 1999 meeting would result in total commitments year to date of \$177 million against a fiscal year 2000 commitment budget of \$296.3 million. Mr. Long then reviewed management's analysis and recommendations for four investments (Songbird Medical, Inc., Baker Communications Fund II, L.P., Halpern Denny Fund III, L.P., and Cortec Group Fund III, L.P.,) while Mr. Ricks presented the analysis for Austin Ventures VII, L.P. Mr. Long and Mr. Ricks answered the Directors' questions and upon motion duly made and seconded, the Directors adopted the following five sets of resolutions:

Songbird Medical, Inc.

WHEREAS, the Board has reviewed a Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into a stock purchase agreement (the "Agreement") with Songbird Medical, Inc. to invest up to \$12 million of PUF, PHF and LTF assets in Songbird Medical, Inc.; 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 the Due Diligence Review and Recommendation dated November 8, 1999 for Songbird Medical, Inc. 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 Songbird Medical, Inc.; 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.

Baker Communications Fund II, L.P.

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Baker Capital Partners II, LLC, to invest up to \$30 million of PUF, PHF and LTF assets in Baker Communications Fund II, L.P.; 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 the Short Form Due Diligence Review and Recommendation

dated November 8, 1999 for Baker Communications Fund II, 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 Baker Communications Fund II, 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.

Halpern Denny Fund III, L.P.

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Halpern Denny & Co. IV, LLC, to invest up to \$30 million of PUF, PHF and LTF assets in Halpern Denny Fund III, L.P.; 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 the Short Form Due Diligence Review and Recommendation dated November 8, 1999 for Halpern Denny Fund 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 Halpern Denny Fund 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.

Cortec Group Fund III, L.P.

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Cortec Management (III) L.L.C. to invest up to \$20 million of PUF, PHF and LTF assets in Cortec Group Fund III, L.P.; 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 the Short Form Due Diligence Review and Recommendation dated November 8, 1999 for Cortec Group Fund 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 Cortec Group Fund 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.

Austin Ventures VII, L.P.

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with AV Partners VII, L.P., to invest up to \$20 million of PUF, PHF and LTF assets in Austin Ventures VII, L.P.; 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 the Short Form Due Diligence Review and Recommendation dated November 8, 1999 for Austin Ventures VII, 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 Austin Ventures VII, 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.

Minutes

The next item to come before the Board of Directors was approval of the minutes of the meeting of the Board of Directors held on September 22, 1999. Mr. Allen stated that the minutes would be resubmitted for approval at the next regular meeting of the Board.

Performance Results - Fiscal Year to Date

Mr. Ricks handed out presentation materials to all the Directors reporting on current performance results for all funds under management. Mr. Ricks first reported on the performance of the U.T. System operating funds, i.e., the Short Term Fund and the Short Intermediate Term Fund for, periods ended October 31, 1999. Mr. Ricks then reported on and compared the performance of the PUF to the Permanent School Fund on rate of return, income distribution and growth in distributions. Mr. Ricks also reported on the LTF's return against the Cambridge Endowment Universe as of June 30, 1999 and compared the LTF's returns to the returns of the Teacher Retirement System (Texas) and Employees Retirement System (Texas), as of August 31, 1999. Mr. Ricks also reported on the LTF's performance against the Endowment Policy Portfolio, the Russell Universe of Foundation and Endowments and the Russell Universe of greater than \$1 billion funds and the Mellon Trust Universe as of September 30, 1999 and the Endowment

Policy Portfolio as of October 31, 1999. Mr. Ricks also reviewed asset allocation and attribution analysis with the Directors for the two months ended October 31, 1999 and answered the Directors' questions.

Review of Public Markets Portfolios

Mr. Russ made a presentation on the LTF's and PUF's public markets portfolios' performance for the period ended August 31, 1999. Mr. Russ reviewed attribution analysis for the LTF and the PUF for the three years ended August 31, 1999, and summarized the investment strategies that have worked well in addition to areas which he believed required improvement. Mr. Russ and Mr. Ricks answered the Directors' questions following the presentation.

Approval of Investment Programs Using Futures Contracts

Mr. Ricks and Mr. Russ reviewed the proposed use of commodity, equity and interest rate futures contracts in the management of investments and answered the Directors' questions. Upon motion duly made and seconded the following resolutions were unanimously adopted:

RESOLVED, that a GSCI futures program in an amount not to exceed 3.75% of the value of PUF, PHF and LTF Assets be and is hereby approved.

RESOLVED, that an S&P 500 Index and interest rate futures program to equitize cash balances in an amount not to exceed 5.00% of the value of PUF, PHF and LTF Assets be and is hereby approved.

Report on Audit and Ethics Committee Meeting

Mr. Allen reported on the Audit and Ethics Committee meeting which convened prior to the regular meeting of the Board of Directors. Mr. Allen stated that the Committee reviewed Deloitte and Touche's SAS 61 and management report. He also stated that the Committee reviewed and approved the audit reports for the PUF, LTF, SITF and the Corporation for the year ended August 31, 1999. He noted that the Committee had also received a report from the Corporation's Compliance Committee and noted that there were no notable items to report.

Executive Session

Mr. Allen then announced that the Board of Directors would meet in a closed session to discuss the nomination of additional Directors and that the time was 3:41 p.m. (During the closed session, everyone was absent from the meeting room except the Directors, Mr. Ricks, and Mr. Turner.)

Upon completion of the executive session, Mr. Allen announced that the open meeting of the Board of Directors was reconvened and that the time was 4:00 p.m. Mr. Allen announced further

that during the closed meeting the Board of Directors discussed potential nominees to the Board but did not take any votes.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately at 4:00 p.m.

Secretary: Cathy Drey

APPROVED:

Vice Chairman: [Signature]

**Announcement of Executive Session
of
The Board of Directors
of
The University of Texas Investment Management Company**

Vice Chairman Robert H. Allen convened the Board of Directors in Executive Session by reading the following:

The Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Board. This Executive Session meeting of the Board is authorized by the Open Meeting Policy Statement of The University of Texas Investment Management Company adopted on September 3, 1999 by the U. T. System Board of Regents and on September 22, 1999 by the UTIMCO Board of Directors.

The Executive Session started at 3:41 p.m. on November 8, 1999 at the offices of Vinson & Elkins, L.L.P., West Conference Room - 28th Floor, 1001 Fannin, Houston, Texas, and concluded at 4:00 p.m. on the same date.

Members of the Board present were

- ✓ Robert H. Allen, Vice Chairman
- ✓ Susan M. Byrne
- ✓ William H. Cunningham
- ✓ Woody L. Hunt
- ✓ J. Luther King
- ✓ A.W. (Dub) Riter, Jr.
- ✓ A. R. (Tony) Sanchez, Jr.

No votes or final action were taken on any matter.

Certified Agenda of Executive Session

Discussion of potential nominees to the UTIMCO Board of Directors

The Executive Session concluded at 4:00 p.m., November 8, 1999. No action was taken and no vote was called for or taken by the Board during the Executive Session.

Certification of Agenda

I, Robert H. Allen, Vice Chairman of the Board of Directors of The University of Texas Investment Management Company, hereby certify that the above and foregoing agenda is a true and correct record of all matters considered in Executive Session on November 8, 1999. The Executive Session concluded at 4:00 p.m., November 8, 1999.



Robert H. Allen
Vice Chairman, Board of Directors
The University of Texas Investment
Management Company