

**MINUTES OF 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 24th day of October, 1996, in the Corporation's Conference Room on the 2nd Floor, Claudia Taylor Johnson Hall, 210 West Sixth 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
Donald L. Evans
Richard W. Fisher
J. Luther King, Jr.
Tom Loeffler

thus, constituting a majority and quorum of the Board of Directors. Also participating in the meeting were Bernard Rapoport, Chairman of the Board of Regents of the University of Texas System (the "System"); Thomas G. Ricks, President of the Corporation; and Jerry E. Turner, Secretary of the Corporation. Director, Homer L. Luther, Jr. was absent from the meeting. Mr. Hicks called the meeting to order at 9:10 a.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 October 11, 1996, copies of which had been previously 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 October 11, 1996, be and are hereby approved in the form presented to the Board.

Investment Report

Next, Mr. Ricks reviewed an Investment Report for the Fiscal Year Ended August 31, 1996, 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 and the System's Long Term Fund, Short/Intermediate Term Fund, Short Term Fund and Separate Funds. Mr. Ricks responded to questions raised by Directors.

Approval of FY1996-97 Business Plan and Budget

Mr. Ricks then reviewed the Corporation's Fiscal Year 1996-97 Business Plan and Budget, copies of which had previously been furnished by Mr. Ricks to each Director. After discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the adoption of the Fiscal Year 1996-97 Business Plan and Budget, as submitted by the President, is hereby adopted.

Approval of IAI U.S. Venture Fund II, L.P.

At this point, Austin Long and Craig Nickels of Corporation management joined the meeting.

Mr. Long and Mr. Nickels reviewed a Due Diligence Review and Recommendation describing a proposed limited partnership investment in IAI U.S. Venture Fund II, L.P., copies of which had previously been furnished to each Director. After discussion, R. David Spreng and Jeffrey R. Tollefson, representatives of IAI Ventures Inc., joined the meeting. Mr. Spreng and Mr. Tollefson reviewed a written presentation to the Corporation, copies of which were distributed to each Director. Their presentation described IAI U.S. Venture Fund II, L.P., including the prior performance, experience, capabilities, strategy and commitment of IAI Ventures Inc. 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 IAI Ventures Inc. to invest Permanent University Fund ("PUF") and System Long Term Fund ("LTF") assets in IAI U.S. Venture Fund II, L.P. (the "Fund") in an amount equal to the lesser of 20% of capital raised by the Fund or \$15 million; and

WHEREAS, on October 24, 1996, the Board heard a presentation from and interviewed representatives of IAI Ventures Inc. concerning the Fund; and

WHEREAS, the Board desires to enter into the Agreement with IAI Venture Inc. 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 \$15 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;

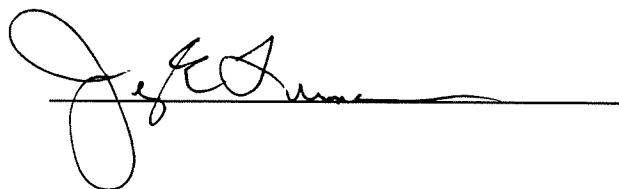
NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in IAI U.S. Venture Fund II, L.P. Due Diligence Review and Recommendation dated October 24, 1996 be approved; and be it further

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.

The being no further business to come before the Board of Directors, the meeting was adjourned at approximately 12:25 p.m.

Secretary



APPROVED:



Chairman

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