

**MINUTES OF MEETING OF THE  
AUDIT AND ETHICS COMMITTEE OF**

**THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

A meeting of the Audit and Ethics Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **April 16, 2009**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of Andrews Kurth LLP, One Congress Plaza, 111 Congress Ave., Austin, Texas, said meeting having been called by the Committee Chair, Erle Nye, with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

Erle Nye, Chair  
Colleen McHugh  
Charles W. Tate

thus constituting a majority and quorum of the Committee. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; Gary Hill, Manager-Investment Reporting; and other staff members; Philip Aldridge, Charlie Chaffin, William Huang, Moshmee Kalamkar, Jim Phillips and Miles Ragland of UT System Administration; Jerry Turner of Andrews Kurth LLP; and Tom Wagner from Deloitte & Touche LLP. Director Paul Foster joined later in the meeting as noted in the minutes. Chairman Nye called the meeting to order at 1:10 p.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

**Approval of Minutes**

The first matter to come before the Committee was the approval of the minutes of the Meeting of the Audit and Ethics Committee meeting held on January 29, 2009. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that the minutes of the Meeting of the Audit and Ethics Committee of the Board of Directors held on January 29, 2009 be, and are hereby, approved.

**Unaudited Financial Statements**

Mr. Nye asked Ms. Moeller to lead the presentation of the separate unaudited financial statements as of February 28, 2009, for the Permanent University Fund (PUF), The University of Texas System General Endowment Fund (GEF), the Permanent Health Fund (PHF), The University of Texas System Long Term Fund (LTF), The University of Texas System Intermediate Term Fund (ITF) (collectively, the Funds) and the Corporation. Ms. Moeller presented the financial statements for the Funds and the Corporation. Mr. Foster joined the meeting at this time. Mr. Zimmerman reported that he has had several discussions with the Chief Business Officers (CBOs) of several of the UT System Institutions, specifically UT Austin, UT Southwestern Medical Center and UT San Antonio Health Center, and they remain very supportive of the investment strategy and Corporation management of the ITF. Mr. Zimmerman plans to include the CBOs

in the annual review process of investment strategy over the next several months. Mr. Zimmerman, Mr. Chaffin, Ms. Moeller and Mr. Hill answered questions of the Committee.

### Internal Auditor Report

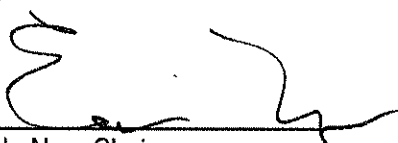
Mr. Nye asked Mr. Chaffin to give a report from the UT System Audit Office. Mr. Chaffin gave the Committee a brief background of past audits performed by the Audit Office since the passage of Sarbanes Oxley. Mr. Chaffin reported that an audit of the internal controls of the PUF had been started on April 7, 2009, at the request of the Audit, Compliance and Management Review Committee of the UT System Board of Regents. He provided the Committee with the Audit Office's approach and timeline regarding the audit of internal controls and future audit plans. Mr. Chaffin answered the Committee Members' questions.

### Update on Compliance, Reporting and Audit Issues

Mr. Nye asked Ms. Gonzalez to present the update on compliance, reporting and audit issues. Ms. Gonzalez began by discussing the audit of ethics policies for trustee investing practices of the Corporation, Teacher Retirement System and the Employees' Retirement Fund performed by the State Auditor. The audit was complete although the final report had not been released at the time of the meeting. Ms. Gonzalez summarized the areas that would be issued as part of the audit report, and said that the overall outcome should be very good. Mr. Zimmerman and Mr. Chaffin agreed that there were no material or significant deficiencies found in the audit and believed that the Committee would be very satisfied with the final report. Mr. Tate left the meeting at this time. Mr. Chaffin and Mr. Turner stated that based upon the specific charge given to the State Auditor, it was verified that the Corporation's Code of Ethics was compliant with statutory requirements and the Corporation was compliant with adhering to their Code of Ethics. Ms. Gonzalez continued by reporting that the Annual Ethics Update and Training had been conducted for all personnel with the exception of two staff members that were not available for either session. They will be required to attend an individual session on or before April 30, 2009. She continued with the Compliance Summary Program and the Institutional Compliance Program Quarterly Report, both for the Quarter Ended February 28, 2009. She informed the Committee that there were no instances of non-compliance with the policies as they related to Audit and Ethics and no calls had been made to the Compliance Hotline. Ms. Gonzalez, Mr. Zimmerman, Mr. Chaffin, Mr. Aldridge and Mr. Turner answered the Committee Members' questions.

There being no further business to come before the Committee, the meeting was adjourned at 1:58 p.m.

Secretary:   
Joan Moeller

Approved: 

Erle Nye, Chair  
Audit and Ethics Committee of The University of Texas Investment  
Management Company

Date: 7/1/09