

**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 7, 2011**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Acting Committee Chair, Charles Tate, 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:

Printice L. Gary
Charles W. Tate

thus constituting a majority and quorum of the Committee. Also attending the meeting was Paul Foster, Chairman of the Board. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Gary Hill, Senior Manager - Investment Reporting; Debbie Childers, Manager - Portfolio Accounting and Operations; Melynda Shepherd, Manager - Finance and Administration; David Gahagan, Acting Head of Information Technology; and other staff members. Other attendees were Philip Aldridge, Charlie Chaffin, Mark Gentle, Moshmee Kalamkar, and Ann Heitke of The University of Texas System (UT System) Administration; and Jerry Turner and Bob Jewell of Andrews Kurth LLP. Mr. Tate called the meeting to order at 8:35 a.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 Audit and Ethics Committee meeting held on January 26, 2011. 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 26, 2011, be, and are hereby, approved.

Executive Session

Mr. Tate announced, at 8:37 a.m., that "The Audit and Ethics Committee of 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 Committee, for the purpose of a security audit. This Executive Session meeting of the Committee is authorized by *Texas Government Code* § 551.076 (Deliberation Regarding Security Devices or Security Audits). The date is April 7, 2011, and the time is now 8:37 a.m." With the exception of Chairman Foster, Mr. Zimmerman, Mr. Turner, Mr. Jewell, Ms. Gonzalez, Mr. Gahagan and UT System Audit Office Staff, all other meeting participants left the meeting at this time.

Open Session

The Committee reconvened in open session and Mr. Tate announced that “The Open Session of the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is April 7, 2011, and the time is now 8:53 a.m. During the Executive Session, the Committee deliberated security audit matters but no action was taken nor decisions made, and no vote was called for or had by the Committee in Executive Session.”

Update on Compliance, Reporting and Audit Issues

Mr. Tate asked for an update on compliance, reporting and audit issues. Ms. Moeller reported that Deloitte and Touche had been hired by UT System and the contract had been signed to engage the firm for the 2011 audits of the UT System and the investment funds. Ms. Gonzalez reported on the compliance matters for the fiscal quarter ending February 28, 2011, including employee training, the preclearance of trades and the Corporation’s Compliance Hotline. She reported that there had not been any activity on the Compliance Hotline for the quarter ending February 28, 2011. Ms. Gonzalez continued by presenting the Investment Policies Compliance Report for the Quarter Ended February 28, 2011, and reported that there were no material instances of non-compliance related to the report. She presented the Institutional Compliance Program report for the Quarter Ended February 28, 2011, including reporting that Director Steve Hicks had replaced Director Longoria on February 17, 2011, and Director Erle Nye resigned effective February 9, 2011, leaving two vacancies on the Audit and Ethics Committee, including the chairmanship. She also reported on the resignation of Mr. Bill Edwards, Managing Director – Information Technology, on January 20, 2011. Mr. Zimmerman stated that Mr. Gahagan had done an incredible job as Acting Head of Information Technology during the transition. Ms. Gonzalez presented the updated Institutional Compliance Action Plan for FY 2011, which included on-going monitoring of the compliance program, revisions to the current records retention schedule and the development of a business continuity plan.

Unaudited Financial Statements

Mr. Tate asked Ms. Moeller to present the separate unaudited financial statements as of February 28, 2011, 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 provided highlights of the statements, with no new items or significant changes to be reported. Mr. Zimmerman stated that he would provide a detailed update on the Corporation’s budget at the Board meeting next week.

Amendments to the Audit and Ethics Committee Charter

Mr. Tate asked Ms. Gonzalez to explain Staff’s proposed changes to the Audit and Ethics Committee Charter. Ms. Gonzalez explained that the purpose of the Charter of the Committee (the “Audit Charter”) is to outline the duties and responsibilities of the Committee. In accordance with the Charter of the Committee, the Committee will periodically review and reassess the adequacy of the Audit Charter and recommend any proposed changes to the UTIMCO Board for approval. The current Audit Charter was approved by the UTIMCO Board on September 21, 2007. Ms. Gonzalez explained that the proposed

changes to the Charter were mainly editorial in nature, language to make the Charter consistent with the Corporation's Bylaws, and minor changes in scope. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that the amendments to the Charter of the Audit and Ethics Committee, be and are hereby approved, in the form submitted to the Committee, subject to approval by the Corporation's Board of Directors.

There being no further business to come before the Committee, the meeting was adjourned at 9:14 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Charles W. Tate Date: 8/23/11
Charles W. Tate, Acting Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas Investment
Management Company