

**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 **January 30, 2013**, 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 Committee Chair, James P. Wilson, 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:

James P. Wilson, Chair  
Printice Gary  
R. Steven Hicks

thus constituting a majority and quorum of the Committee. Committee Member Charles Tate did not attend the meeting. Paul Foster, Chairman of the Board, attended the meeting. 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; and other staff members. Other attendees were Allen Hah, Jim Phillips, Michael Peppers, Moshmee Kalamkar, Jenny La Coste-Caputo, and Roger Starkey of The University of Texas System ("UT System") Administration; Jerry Turner of Andrews Kurth LLP; Tom Wagner of Deloitte and Touche LLP; Verma Elliot and Lisa Collier of the State Auditor's Office; and Mr. Kris Kavanaugh of the Legislative Budget Board. Mr. Wilson called the meeting to order at 10:01 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 November 5, 2012. 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 November 5, 2012, be, and are hereby, approved.

**Audit Results and Communications**

Mr. Hicks asked Mr. Tom Wagner, engagement partner from the independent accounting firm of Deloitte & Touche LLP, to present the audit results and necessary communications for the Corporation for the fiscal years ended August 31, 2012 and August 31, 2011. Mr. Wagner confirmed the completion of the audit of the Corporation, summarized the process and reviewed with the Committee the Audit Results and Communications report covering required communications. As stated in the report, Mr. Wagner confirmed that 1) Deloitte & Touche LLP issued an unqualified opinion on the Corporation's August 31, 2012 financial statements, 2) there were no changes in accounting policies that impacted the Corporation's financial

statement balances, and 3) accounting principles utilized by management are of good quality, are acceptable, and have been consistently applied under accounting principles generally accepted in the United States. The Corporation's financial statements and disclosures were complete in all material respects. Mr. Wagner stated that no material weaknesses regarding internal control were found during their audit procedures and there were no concerns regarding management. Mr. Wagner stated they had no difficulties to report and were very complimentary of the Corporation's Staff, and the cooperation that Deloitte & Touche LLP had received throughout the audit process. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Committee:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Corporation for the year ended August 31, 2012, be, and is hereby approved in the form as presented to the Audit and Ethics Committee, subject to approval by the Corporation's Board.

And,

RESOLVED, that the annual financial statements and audit report for the Corporation for the years ended August 31, 2012, and August 31, 2011 be, and are hereby approved in the form as presented to the Audit and Ethics Committee, subject to approval by the Corporation's Board.

#### **Update on Compliance, Reporting and Audit Issues**

Mr. Wilson asked Ms. Gonzalez to provide an update on compliance, reporting and audit issues. Ms. Gonzalez asked Mr. Peppers, Chief Audit Executive, and Ms. Kalamkar, Manager of Audits of the UT System Audit Office, to report from the UT System Audit Office. Mr. Peppers gave an update on the two upcoming internal audits that will be performed over the next year by their office, in addition to providing assistance to Deloitte & Touche LLP's with their audits. Ms. Gonzalez reported on the compliance matters for the fiscal quarter ending November 30, 2012, including the status of employee training, preclearance of trades and the Corporation's Compliance Hotline's activity. Also provided to the Committee was the Investment Policies Compliance Report for the Quarter Ended November 30, 2012, the Institutional Compliance Program Report for the Period Ended November 30, 2012 and the updated Institutional Compliance Action Plan for FY 2012.

#### **Update on Enterprise Risk Management**

Mr. Wilson asked for an update on Enterprise Risk Management from Ms. Gonzalez. The Charter of the Audit and Ethics Committee requires the Committee to assist the Board in monitoring the Corporation's Enterprise Risk Management ("ERM"). Ms. Gonzalez stated that the last report on ERM to the Committee was in April 2010. Ms. Gonzalez reported on the changes in governance and operations, and actions that had been taken since the last ERM report, including changes in the Corporation's board composition, drafting and implementing monitoring plans for all high risk areas, and development and testing of the business continuity plan. Mr. Zimmerman and Ms. Gonzalez answered the Committee Members' questions.

Unaudited Financial Statements

Mr. Wilson asked Ms. Moeller to present the separate unaudited financial statements as of November 30, 2012, for the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System Intermediate Term Fund and the Corporation. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. Mr. Zimmerman and Ms. Moeller answered the Committee Members' questions.

Mr. Zimmerman explained that governance best practice provides the Audit and Ethics Committee an opportunity to speak to the Chief Compliance Office and the auditor without the CEO in attendance. Mr. Zimmerman left the meeting at this time.

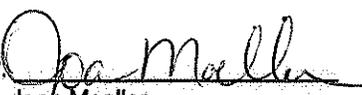
Executive Session

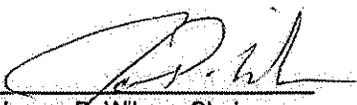
Mr. Wilson announced, at 10:38 a.m., that "The Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Committee, for the purpose of deliberating individual personnel evaluation matters. This Executive Session meeting of the Committee is authorized by Texas Government Code Section 551.074 (Personnel Matters). The date is January 30, 2013, and the time is now 10:38 a.m." With the exception of Ms. Gonzalez, Mr. Turner, Mr. Wagner, Mr. Peppers, and Ms. Kalamkar, all other meeting participants left the meeting at this time.

Open Session

The Committee reconvened in open session and Mr. Wilson 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 January 30, 2013, and the time is now 10:42 a.m. During the Executive Session, the Committee deliberated individual personnel evaluation matters, but no action was taken nor decisions made, and no vote was called for or had by the Committee in Executive Session."

There being no further business to come before the Committee, the meeting was adjourned at 10:42 a.m.

Secretary   
Joah Moeller

Approved:   
James P. Wilson, Chair  
Audit and Ethics Committee of the Board of Directors of  
The University of Texas Investment  
Management Company

Date: 4-11-13