

**MINUTES OF MEETING OF THE
AUDIT AND ETHICS COMMITTEE OF THE
BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS /TEXAS A&M INVESTMENT MANAGEMENT COMPANY**

A meeting of the Audit and Ethics Committee (the "Committee") of The University of Texas/Texas A&M Investment Management Company (the "Corporation") convened in open session on **November 16, 2017**, 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, Janet Handley, 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:

Janet Handley, Chair
Phil Adams
James C. "Rad" Weaver

thus constituting a majority and quorum of the Committee. Employees of the Corporation attending the meeting were Britt Harris, President, CEO and Chief Investment Officer; Joan Moeller, Treasurer and Secretary; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Mark Warner, Senior Managing Director; Gary Hill, Senior Manager-Investment Reporting; and other employees. Other attendees were Jerry Turner of Andrews Kurth Kenyon LLP; Robert Cowley and Aaron Dixon of Deloitte and Touche LLP; J. Michael Peppers of the U.T. System Audit Office, and Hillary Eckford of the State Auditor's Office. Committee Chair ("Chairman") Handley called the meeting to order at 8:32 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 August 31, 2017. 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 August 31, 2017, be, and are hereby, approved.

Audit Results and Communications

Chairman Handley asked Mr. Robert Cowley, engagement partner from the independent accounting firm of Deloitte & Touche LLP, to present the audit results and communications for the 2017 audits of the Permanent University Fund (PUF), the UT System General Endowment Fund (GEF), the Permanent Health Fund (PHF), the UT System Long Term Fund (LTF), and the UT System Intermediate Term Fund (ITF) (collectively, the "Funds"). Mr. Cowley confirmed the completion of the audits of the Funds. Mr. Cowley reviewed with the Committee the Audit Results and Communications Letter covering required communications dated October 27, 2017. Mr. Cowley confirmed that Deloitte & Touche LLP issued unqualified opinions on the Funds' August 31, 2017, Financial Statements and the Statement of Investment Performance Statistics, and that 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. As part of the audit, Deloitte & Touche LLP reviewed and tested the market values of alternative investments and concluded that the Funds' recorded investment values were fairly stated. Mr. Cowley stated that the Funds' Financial Statements and

disclosures were complete in all material respects and there were no material weaknesses regarding internal controls found during their audit procedures. Mr. Cowley reported that there were no concerns regarding management. He also stated they had no difficulties to report and was very complimentary of the Corporation's employees, and the cooperation that Deloitte & Touche LLP had received throughout the audit process. Mr. Cowley answered the Committee Members' questions. Upon motion duly made and adopted, the following resolution was approved unanimously:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Investment Funds Under the Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2017, be, and is hereby approved in the form as presented to the Audit and Ethics Committee.

Audit Reports

Chairman Handley asked Mr. Cowley and Ms. Moeller to present the Audited Financial Statements for the PUF, GEF, PHF, LTF, and the ITF each for the fiscal years ended August 31, 2017 and August 31, 2016, and the Statement of Investment Performance Statistics for the year ended August 31, 2017, and other audit matters. Mr. Cowley and Ms. Moeller reported on the Audited Financial Statements for the PUF, GEF, PHF, LTF, and the ITF. Mr. Cowley and Ms. Moeller answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that the separate annual financial statements and audit reports 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, and The University of Texas System Intermediate Term Fund, each for the fiscal years ended August 31, 2017 and August 31, 2016, and the Statement of Investment Performance Statistics for the year ended August 31, 2017, be and are hereby approved in the form as presented to the Audit and Ethics Committee.

Executive Session

Prior to going into executive session, Chairman Handley announced that, "The Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M 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, and individual compensation matters related to the Corporate Counsel and Chief Compliance Officer's performance award as a participant in the UTIMCO Compensation Program for the performance period ended August 31, 2017. This Executive Session meeting of the Committee is authorized by Texas Government Code Section 551.074 (Personnel Matters). The date is November 16, 2017, and the time is now 9:03 a.m." With the exception of Mr. Harris, Mr. Warner, Ms. Moeller, and Mr. Turner, all other participants left the meeting at this time.

Open Session

The Committee reconvened in open session and Chairman Handley announced that, "The Open Session of the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company is now reconvened. The date is November 16, 2017, and the time is now 9:22 a.m. During the Executive Session, the Committee deliberated individual personnel evaluation matters, and

individual compensation matters related to the Corporate Counsel and Chief Compliance Officer, but no action was taken nor decisions made, and no vote was called for or had by the Committee in Executive Session."

Individual Personnel Compensation Matters Related to the Corporate Counsel and Chief Compliance Officer

Chairman Handley recommended that the Audit and Ethics Committee and the CEO jointly recommend to the Compensation Committee, subject to approval by the UTIMCO Board, the performance award for the Corporate Counsel and Chief Compliance Officer for the Performance Period ended August 31, 2017 and the designation of Cecilia Gonzalez in the Eligible Position of Corporate Counsel and Chief Compliance Office as a Participant in the UTIMCO Compensation Program for the 2017/2018 Performance Period. By motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, the Audit Charter of the Audit and Ethics Committee requires that the Audit and Ethics Committee and the CEO approve the Chief Compliance Officer's performance goals and achievement of the goals and make a joint recommendation to the Compensation Committee as to the Base Salary and Performance Award for the Chief Compliance Officer; and

WHEREAS, the Audit and Ethics Committee and the CEO have prepared a joint recommendation regarding the Performance Award of the Corporate Counsel and Chief Compliance Officer for the 2016/2017 Performance Period; and

WHEREAS, subject to approval by the UTIMCO Board, the Audit and Ethics Committee and the CEO jointly recommend the Performance Award of the Corporate Counsel and Chief Compliance Officer; and

WHEREAS, the Audit and Ethics Committee has reviewed the Performance Award for the Corporate Counsel and Chief Compliance Officer for the 2016/2017 Performance Period and wishes to document approval of such Performance Award and recommend that the Compensation Committee approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Audit and Ethics Committee approves the Performance Award for the Corporate Counsel and Chief Compliance Officer as recommended by the CEO for the 2016/2017 Performance Period, and the Audit and Ethics Committee and CEO hereby jointly recommend to the Compensation Committee the Performance Award for the Corporate Counsel and Chief Compliance Officer for the 2016/2017 Performance Period.

And

WHEREAS, Section 5.3(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a "Participant" in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "UTIMCO Board") as an "Eligible Position" for

that Performance Period; and (2) selected by the UTIMCO Board as eligible to participate for that Performance Period; and

WHEREAS, Eligible Positions are designated and included in Appendix C, Table 1 of the Plan; and

WHEREAS, subject to approval by the UTIMCO Board, the Audit and Ethics Committee and the CEO jointly recommend Cecilia Gonzalez as a "Participant" in the Plan in the Eligible Position of Corporate Counsel and Chief Compliance Officer for the 2017/2018 Performance Period;

NOW, THEREFORE, be it:

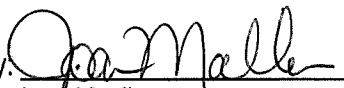
RESOLVED, that the Audit and Ethics Committee and the CEO hereby jointly recommend to the Compensation Committee that Cecilia Gonzalez be designated by the UTIMCO Board as a "Participant" in the Plan for the 2017/2018 Performance Period.

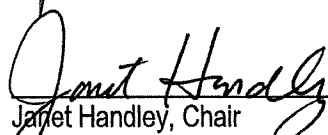
Update on Compliance, Reporting and Audit Matters

Chairman Handley asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez discussed the Investment Policies Compliance Report for the Six Months Ended August 31, 2017, with no compliance violations to report. She presented to the Committee the Institutional Compliance Program Report for the Year Ended August 31, 2017, addressing each of the high-risk areas and stating that all areas continue to be well controlled. Ms. Gonzalez continued her report on compliance matters for the fiscal year ending August 31, 2017, including the status of employee training, pre-clearance of trades and the Corporation's Compliance Hotline activity. She noted two calls to the Compliance Hotline that were withdrawn by the caller the day after reporting. Ms. Gonzalez also gave an update on the Institutional Compliance Action Plan for FY2017 and presented the Institutional Compliance Action Plan for FY2018. Ms. Gonzalez also provided the annual report on the UTIMCO Director Co-Investment Log and reported on the annual disclosure statements filed by outside financial advisors and service provided required by Texas Government Code Section 2263.005. Ms. Gonzalez answered the Committee Members' questions.

Adjourn

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:39 a.m.

Secretary: 
Joan Moeller

Approved: 
Janet Handley, Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Date: 2/22/2018