

**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 **February 14, 2019**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 1700, 210 West 7th Street, Austin, Texas, said meeting having been called by the Committee Chair, Janet Handley ("Chairman"), 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
Clifton L. Thomas, Jr.
James C. "Rad" Weaver

thus constituting a majority and quorum of the Committee. Chairman Handley called the meeting to order at 9:00 a.m. Employees of the Corporation attending the meeting were Britt Harris, President, CEO and Chief Investment Officer; Rich Hall, Deputy Chief Investment Officer; Joan Moeller, Treasurer and Secretary; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; and other employees. Other attendees were Jerry Kyle of Orrick, Herrington & Sutcliffe LLP; Robert Cowley and Jason Bell of Deloitte and Touche LLP; Hillary Eckford of the Texas State Auditor's Office; J. Michael Peppers, Eric Polonski and Terry Hull of The University of Texas System (UT System); and David Rejino of The Texas A&M University System. 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 29, 2018. 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 29, 2018, be, and are hereby, approved.

Audit Results and Communications and Audited Financial Statements for the Corporation

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 August 31, 2018 and 2017 audits of the Corporation's Financial Statements. Mr. Cowley confirmed the completion of the audits. Mr. Cowley reviewed with the Committee the Audit Results and Communications Letter covering required communications dated January 29, 2019. Mr. Cowley confirmed that Deloitte & Touche LLP issued a clean unqualified opinion on the Financial Statements, 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. He also stated they had no uncorrected or corrected misstatements 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 stated that there were no changes to accounting policies this year. Mr. Cowley highlighted that management fees increased significantly from the prior year and that these fees were used to fund the payment of capital assets that will be amortized over the life of the lease due to the move to the new leased space. Ms. Moeller complimented Kim Bauer, Director – Corporate Accounting and Deloitte for the good work performed on the audit. Mr. Harris and Chairman Handley also thanked these parties for their good work. Chairman Handley called for approval of the audit results and communications for the Corporation for the fiscal year ended August 31, 2018, and the audited financial statements and audit report for the Corporation for the fiscal years ended August 31, 2018 and August 31, 2017. Upon motion duly made and adopted, the following resolutions were approved unanimously:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Corporation for the year ended August 31, 2018, 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, 2018, and August 31, 2017 be, and are hereby approved in the form as presented to the Audit and Ethics Committee, subject to approval by the Corporation's Board.

UT System Audit Report

Chairman Handley asked Mr. Peppers, Chief Audit Executive of the UT System Audit Office, to provide an update on the UT System Audit Office's findings on the audit of travel and business entertainment expenses incurred by UTIMCO's CEO and selected UTIMCO employees to determine if expenses were appropriate, accurate, and in compliance with applicable policies, procedures, and UTIMCO's Code of Ethics. Mr. Peppers reported that the audit scope included reimbursements and direct payments during the period August 1, 2017, through February 28, 2018, for the CEO; and January 1, 2016 through February 28, 2018, for other employees, and produced a clean report. He explained that the travel and business entertainment expense audit has been requested by the Board of Regents, and the UT System Audit Office will continue to perform this audit every other year. He thanked the Team for their assistance with the audit, and Ms. Moeller noted it was a very thorough audit of travel and entertainment expenses.

Update on Compliance, Reporting and Audit Matters

Chairman Handley introduced the third item on the agenda and asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez presented the investment compliance summary for items monitored by the Committee. Ms. Gonzalez next reported on the Institutional Compliance Program Report for the quarter ended November 30, 2018, the status of training, pre-clearance of trades, and compliance hotline activity. Ms. Gonzalez reported that all high-risk areas continued to be monitored and remain well controlled with the exception of Information Technology and Security, which continues to show an opportunity for enhancement but noted that progress is being made. In addition, Ms. Gonzalez reviewed with the Committee the Institutional Compliance Action Plan for Fiscal Year 2019. Finally, Ms. Gonzalez reported on new contracts, leases or other commercial arrangements of \$250,000 or more for the period beginning November 27, 2018 through February 4, 2019.

Unaudited Reports

Chairman Handley asked Ms. Moeller to present the Unaudited Financial Statements for the Permanent University Fund ("PUF"), General Endowment Fund ("GEF"), Permanent Health Fund ("PHF"), Long Term Fund ("LTF"), and the Intermediate Term Fund ("ITF"), each for the quarter ended November 30, 2018. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. Ms. Moeller reminded the Committee that Bank of New York Mellon is the Corporation's custodian bank and the Corporation's partner but periodically the corporation must perform a formal review for a custodian bank and stated a Request for Qualifications would be issued. Once selected by the Team, the finalist will be presented to the Board and to the Board of Regents of The University of Texas System. Ms. Moeller then discussed the Corporation's unaudited financial statements for the quarter ended November 30, 2018. Ms. Moeller answered the Committee Members' questions.

Adjourn

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:26 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Janet Handley Date: 7/3/2019
Janet Handley, Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company