

**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 **June 17, 2021**, by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 1700, 210 West 7<sup>th</sup> 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 and broadcast over the internet. 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; Carolina de Onis, General Counsel; and other employees. Other attendees were Ben Morse of Orrick, Herrington & Sutcliffe LLP; Michael Peppers and Eric Polonski of The University of Texas System ("UT System") Administration; and Director Jodie Jiles. 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 March 4, 2021. 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 March 4, 2021 be, and are hereby, approved.

**Engaging Corporate External Auditor**

Chairman Handley asked Ms. Moeller to present the Corporate external auditor item. Ms. Moeller stated that, if approved by the Board, fiscal year 2021 would be the 15<sup>th</sup> year that Deloitte & Touche LLP serves as the Corporation's auditor. Estimated fees for UTIMCO's FY 2021 audit services are \$48,000 plus out of pocket costs, which is a \$1,700 increase over the FY 2020 fee. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the firm of Deloitte & Touche LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2021, subject to further approval of the UTIMCO Board.

## **Report from UT System Audit Office**

Chairman Handley introduced the third item on the agenda and asked Michael Peppers and Eric Polonski of the UT System Audit Office to review the Audit of UTIMCO's Compliance Program. Mr. Peppers stated that since a review of the compliance program had not been completed since 2015, the Audit office and UTIMCO decided to evaluate the compliance program and provide a baseline assessment for the new Chief Compliance Officer. Both Mr. Peppers and Mr. Polonski detailed the audit process and reported that UTIMCO has an effective Compliance Program. Mr. Harris and Mrs. de Onis provided a few closing remarks, and she and Mr. Peppers answered the Committee Members' questions.

## **UTIMCO's Compliance, Reporting and Audit Matters**

Chairman Handley asked Mrs. de Onis to provide an update on compliance and reporting matters. First, Mrs. de Onis reported full completion of ethics training and director and employee disclosure statements. Next, she presented a detailed overview of the new streamlined investment compliance report for the quarter ended February 28, 2021, for items monitored by the Committee. Mrs. de Onis provided a report on the annual disclosure statements filed by outside financial advisors and service providers, noting that there is an opportunity for enhancement going forward. Mrs. de Onis reported in the Key Risks Report high-risk areas continue to be monitored and remain well controlled, including Information Technology and Security, which in previous quarters was noted as an area with opportunity for enhancement. Finally, Mrs. de Onis reported that the Director private investment log appeared in the board materials for the Committee Members' review. Mrs. de Onis answered the Committee Members' questions.

## **Unaudited Financial Statement 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 six months ended February 28, 2021. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. She discussed the Corporation's unaudited financial statements for the eight months ended April 30, 2021. Ms. Moeller answered the Committee Members' questions.

## **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 compensation and evaluation matters related to the nominated Chief Compliance Officer. This Executive Session meeting of the Committee is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is June 17, 2021, and the time is now 9:41 a.m." With the exception of Mr. Harris, Mr. Hall, Ms. Moeller, and Mr. Morse, all other meeting 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 June 17, 2021, and the time is now 9:47 a.m. During the Executive Session, the Committee deliberated individual personnel compensation and evaluation matters but no action was taken nor decisions made and no vote was called for or had by the Committee in Executive Session."

## **Chief Executive Officer's Nominee for Chief Compliance Officer**

The CEO recommended that the Committee hire Carolina de Onis as UTIMCO's Chief Compliance Officer effective June 17, 2021. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Chief Executive Officer has nominated Carolina de Onis as Chief Compliance Officer for hiring by the Audit and Ethics Committee.

NOW, THEREFORE, be it:

RESOLVED, that Carolina de Onis be hired as the Chief Compliance Officer effective June 17, 2021.

## **General Counsel and Chief Compliance Officer Base Salary**

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 base salary for the General Counsel and Chief Compliance Officer for the 2021-2022 fiscal year. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the UTIMCO Board has established a UTIMCO Compensation Program (the "Plan") for certain employees of the Corporation; and

WHEREAS, Section 4.2.(a) of the Plan provides that the Compensation Committee of the Board of Directors of UTIMCO will determine the base salaries of key investment and operations employees; and

WHEREAS, the charter of the Audit and Ethics Committee (the "Committee") requires the Committee and the CEO to make a joint recommendation to the Compensation Committee as to the base salary for the Chief Compliance Officer; and

WHEREAS, the Committee and the CEO have prepared a joint recommendation regarding the base salary of the General Counsel and Chief Compliance Officer.

NOW, THEREFORE, be it:

RESOLVED, that the Audit and Ethics Committee approves the base salary of the General Counsel and Chief Compliance Officer as recommended by the CEO and the Audit and Ethics Committee and the CEO hereby jointly recommend to the Compensation Committee the base salary of the General Counsel and Chief Compliance Officer, effective September 1, 2021.

**Adjourn**

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:50 a.m.

Secretary: Joan Moeller  
Joan Moeller

Approved: Jarret Handley Date: 9/16/2021  
Jarret Handley, Chair  
Audit and Ethics Committee of the Board of Directors of  
The University of Texas/Texas A&M Investment Management Company