

**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 **December 1, 2022**, 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  
James B. Milliken  
Janiece Longoria  
Jodie L. Jiles

thus constituting a majority and quorum of the Committee. Chairman Handley called the meeting to order at 9:31 a.m. Employees of the Corporation attending the meeting were Britt Harris, CEO and President; Rich Hall, Chief Investment Officer; Joan Moeller, Treasurer and Secretary; Carolina de Onís, General Counsel and Chief Compliance Officer; Gary Hill, Managing Director - Operations, Accounting and Reporting; and other employees. Other attendees were Jerry Kyle of Orrick, Herrington & Sutcliffe LLP; Eric Polonski and Terry Hull of The University of Texas System ("UT System") Administration; and Robert Cowley and Trinh Huyen Tran of Deloitte & Touche LLP. 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 September 9, 2022. 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 September 9, 2022 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 FY 2022 audits of 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"), and The University of Texas 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 31, 2022. Mr. Cowley confirmed that Deloitte & Touche LLP issued unqualified opinions on the Funds' August 31, 2022 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. There were no changes in any of the accounting policies in the last year. 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 corrections or adjustments needed by UTIMCO, information was consistent, and Deloitte had no disagreements with reporting by UTIMCO's management. He also stated they had no difficulties to report and was very complimentary of the Corporation's employees. Mr. Cowley answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was approved unanimously:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications Letter on the Investment Funds Under the Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2022, be, and is hereby approved in the form as presented to the Audit and Ethics Committee.

### **Audit Reports**

Mr. Cowley presented the Audited Financial Statements for the PUF, GEF, PHF, LTF, and the ITF each for the fiscal years ended August 31, 2022 and 2021, and the Statement of Investment Performance Statistics for the year ended August 31, 2022 for the PUF, GEF, PHF, LTF, and ITF. Mr. Cowley answered the Committee Members' questions. Chairman Handley expressed her appreciation for the hard work of the UTIMCO team and commended them on achieving clean audits every year since inception. 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, 2022 and August 31, 2021, and the Statement of Investment Performance Statistics for each of the aforementioned funds for the year ended August 31, 2022, be and are hereby approved in the form as presented to the Audit and Ethics Committee.

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

Chairman Handley asked Ms. de Onís to provide an update on compliance and reporting matters. Ms. de Onís began by reporting on the Compliance team's accomplishments for previous quarter, including a compliance monitoring partnership with BNY Mellon. She continued by presenting the Compliance Team's initiatives for 2023 including a revamp of the Certificate of Compliance Process, a review of the Annual Legal & Compliance Business Action Plan, and the launch of an Enterprise Risk Management Program. Ms. de Onís then presented the investment compliance report for the quarter ended August 31, 2022, noting that there were no violations by external managers, but that there were eight personal trading violations effected by five

individuals, one of whom was a contractor whose employment period with UTIMCO has ended. Ms. de Onís then 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 evaluation matters, and individual compensation matters related to the General Counsel and Chief Compliance Officer's performance award as a participant in the UTIMCO Compensation Program for the performance period ending June 30, 2022. This Executive Session meeting of the Committee is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is December 1, 2022, and the time is now 9:59 a.m." With the exception of Mr. Harris, Mr. Hall, Ms. Moeller, and Mr. Kyle, 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 December 1, 2022, and the time is now 10:09 a.m. During the Executive Session, the Committee deliberated individual personnel evaluation matters, and individual compensation matters related to the General 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."

### **General Counsel and Chief Compliance Officer's Performance Award**

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 General Counsel and Chief Compliance Officer for the Performance Period ended June 30, 2022. Upon motion duly made and seconded, the following resolution was 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 standards and achievement of the standards 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 General Counsel and Chief Compliance Officer for the 2021/2022 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 General Counsel and Chief Compliance Officer; and

WHEREAS, the Audit and Ethics Committee has reviewed the Performance Award for the General Counsel and Chief Compliance Officer for the 2021/2022 Performance Period and wishes to document approval of such Performance Award and recommend that the Compensation Committee approve the same.

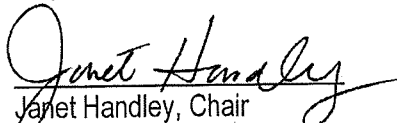
NOW, THEREFORE, be it:

RESOLVED, that the Audit and Ethics Committee approves the Performance Award for the General Counsel and Chief Compliance Officer as recommended by the CEO for the 2021/2022 Performance Period, and the Audit and Ethics Committee and CEO hereby jointly recommend to the Compensation Committee the Performance Award for the General Counsel and Chief Compliance Officer for the 2021/2022 Performance Period.

Adjourn

There being no further business to come before the Committee, the meeting was adjourned at approximately 10:10 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: March 30, 2023