

**MINUTES OF MEETING OF  
THE AUDIT AND ETHICS COMMITTEE OF  
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Audit and Ethics Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") met on **May 15, 2007**, 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, 78701. Participating in the meeting were the following members of the Committee:

Erle Nye, Chair  
Colleen McHugh

Committee members Robert B. Rowling and Charles Tate were not present at the meeting; therefore, there was no majority or quorum of the Committee. Also attending the meeting were H. Scott Caven, Jr., Chairman of the Board; Cathy Iberg, Interim President of the Corporation; Joan Moeller, Secretary of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Bill Edwards, Managing Director of Information Technology; Cecilia Gonzalez, General Counsel for the Corporation; Melynda Carter, Debbie Childers, Lindel Eakman, Gary Hill and Uzi Yoeli of Corporation staff; Jerry Turner, outside legal counsel for the Corporation; Charles Chaffin, Amy Barrett and Cathy Swain representing The University of Texas System (the "UT System"); and Bruce Zimmerman, incoming CEO, President and CIO.

Mr. Nye called the meeting to order at 11:40 a.m. In the absence of a quorum, however, no votes or actions were taken.


**Discussion of Compliance and Independent Chief Compliance Officer Position**

Mr. Nye asked Ms. Iberg to give an overview of the responsibilities of the position of Chief Compliance Officer and to explain the overall reporting of compliance by an independent compliance officer to the UTIMCO Board and the Audit and Ethics Committee. The compliance organizational chart and staff's responsibilities related to performing compliance activities were discussed. Ms. Iberg, Ms. Moeller, Mr. Chaffin and Mr. Turner have worked together to develop the overall recommendation related to an independent compliance officer, and they answered the Committee Members' questions.

**Report on Search for External Auditor for Investment Funds**

Mr. Nye reported that Ernst & Young notified UTIMCO Staff on April 13, 2007, that the firm was withdrawing as the auditors of the UT Board funds managed by the Corporation. UT System has since issued a Request for Qualifications and will hear oral presentations from those firms interested on June 18<sup>th</sup>. Ms. Moeller and Mr. Chaffin answered the questions of the Committee members.

There being no further business to be discussed, the meeting was adjourned at approximately 12:15 p.m.

Secretary:   
Joan Moeller