

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

A meeting of the Audit and Ethics Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on July 9, 2013, 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, James P. Wilson, 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:

James P. Wilson, Chair
R. Steven Hicks
Charles W. Tate

Directors Wilson and Hicks were in attendance, thus constituting a majority and quorum of the Committee. Mr. Wilson called the meeting to order at 1:10 p.m. Director Tate joined the meeting later, as noted in the minutes. Paul Foster, Chairman of the Board, also attended the meeting. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Gary Hill, Senior Manager - Investment Reporting; Debbie Childers, Manager - Portfolio Accounting and Operations; Melynda Shepherd, Manager - Finance and Administration; and other staff members. Other attendees were Allen Hah, Jim Phillips, Michael Peppers, Moshmee Kalamkar and Roger Starkey of The University of Texas System ("UT System") Administration; and Jerry Turner of Andrews Kurth 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 April 11, 2013. 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 April 11, 2013, be, and are hereby, approved.

Independent Auditor

Mr. Wilson asked Ms. Moeller to present the proposed appointment of an independent auditor for the Corporation. Ms. Moeller reported that Staff recommended approval by the Committee of the engagement of Deloitte & Touche LLP as the Corporation's independent auditor for the fiscal year ending August 31, 2013. She noted that this would be the seventh year Deloitte and Touche LLP would be engaged as the Corporation's external auditor. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

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, 2013, subject to further approval of the UTIMCO Board.

UT System Audit Office Report

Mr. Wilson asked Mr. Peppers, Chief Audit Executive, and Ms. Kalamkar, Manager of Audits, of the UT System Audit Office, to discuss the completion of the 2013 Audit Plan and proposed audits for the 2014 Audit Plan. Mr. Tate joined the meeting at this time. Mr. Peppers reported on the FY 2013 audit plan status as of June 2013. He reported that the field work was complete on the Separately Invested Funds audit, but it was not ready for discussion at this time. The final report would be discussed with the Committee at a future meeting. He also reviewed the final report of the UT System-wide audit of the Laptop Encryption and IT Inventory. The audit had been completed and all Corporation laptops had been properly encrypted or exempted and IT inventory was complete, accurate and up-to-date with no reportable issues. The one remaining audit for FY 2013 was on the CEO travel expenses, to be completed in August and September 2013. Mr. Peppers presented the proposed FY 2014 Audit Plan and answered the Committee members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that The University of Texas System Fiscal Year 2014 Audit Plan for UTIMCO be, and is hereby, approved.

Personal Trading Update

Mr. Hicks asked Mr. Turner to present the personal trading update. Mr. Turner explained that he, with the assistance of UTIMCO Staff, performed a best practices review of employee reporting of personal securities transactions. He reviewed with the Committee a presentation entitled Employees Personal Trading Update. Mr. Zimmerman, Mr. Turner and Ms. Gonzalez answered the Committee members' questions.

Update on Compliance, Reporting and Audit Matters

Mr. Wilson asked Ms. Gonzalez to provide an update on compliance, reporting and audit matters. Ms. Gonzalez reported one non-compliance item regarding an external fixed income manager. As of May 31, 2013, this manager's portfolio duration variance was slightly over the investment benchmark. The portfolio duration was back in compliance and procedures were put into place to ensure compliance going forward. She reported on the compliance matters for the fiscal quarter ending May 31, 2013, including the status of employee training, pre-clearance of trades and the Corporation's Compliance Hotline's activity. She stated that there had been no issues with pre-clearance for three quarters. Also provided to the Committee was the Investment Policies Compliance Report for the Quarter Ended May 31, 2013, the Institutional Compliance Program Report for the Period Ended May 31, 2013 and the Institutional Compliance Action Plan for FY 2013. Ms. Gonzalez also reviewed the UTIMCO Director Co-Investment Log for FY 2013 with the Committee. Ms. Shepherd presented a summary of the Financial Advisor and Service Provider Disclosures for 2012 that had been compiled and submitted to the State Auditor's Office by April 15, as required by Texas Government Code, Chapter 2263. Ms. Moeller provided a brief update on the upcoming

external audit for 2013. Mr. Zimmerman, Ms. Gonzalez, and Ms. Moeller answered the Committee members' questions.

Audit and Ethics Committee's Self-Assessment

Mr. Wilson asked Mr. Zimmerman to discuss the Audit and Ethics Committee's Self-Assessment. Mr. Zimmerman explained that the Audit and Ethics Charter requires the Audit and Ethics Committee to evaluate the Committee's performance, both of the individual members and collectively, on a regular basis. The last self-assessment was performed in June 2010. He stated that overall the responses were positive and all responses expressed satisfaction with the performance of the Committee. The Committee requested review of the Committee Charter, and encouraged input, dialogue and comments from Corporation management and internal and external auditors. Mr. Zimmerman and Ms. Gonzalez answered the Committee Members' questions.

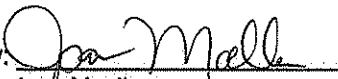
Unaudited Financial Statements

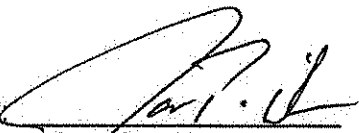
Mr. Wilson asked Ms. Moeller to present the separate unaudited financial statements as of May 31, 2013, for the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System Intermediate Term Fund and the Corporation. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. Mr. Zimmerman and Ms. Moeller answered the Committee members' questions.

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

Mr. Wilson deferred the agenda item related to the FY 2013-2014 Fiscal Year base salary, Performance Incentive Plan Participation, and goals for the General Counsel and Chief Compliance Officer to a future meeting.

There being no further business to come before the Committee, the meeting was adjourned at 2:02 p.m.

Secretary: 
Joan Moeller

Approved: 
James P. Wilson, Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 10/30/13