

**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 **February 13, 2014**, 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, Chairman
R. Steven Hicks
Robert L. Stillwell
Charles W. Tate

Directors Wilson, Stillwell and Tate were in attendance thus constituting a majority and quorum of the Committee. Committee Member R. Steven Hicks joined the meeting later as noted in the minutes. Morris 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; and other staff members. Other attendees were Terry Hull, Allen Hah, Moshmee Kalamkar, Jim Phillips and Roger Starkey of The University of Texas System ("UT System") Administration; Jerry Turner and Bob Jewell of Andrews Kurth LLP; and Tom Wagner and Robert Cowley of Deloitte and Touche LLP. Committee Chair Wilson called the meeting to order at 11:02 a.m. 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 December 2, 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 December 2, 2013, be, and are hereby, approved.

Audit Results and Communications

Mr. Wilson asked Mr. Tom Wagner, engagement partner from the independent accounting firm of Deloitte & Touche LLP, to present the audit results and necessary communications for the Corporation for the fiscal years ended August 31, 2013 and August 31, 2012. Mr. Hicks joined the meeting at this time. Mr. Wagner confirmed the completion of the audit of the Corporation, summarized the process and reviewed with the Committee the Audit Results and Communications report covering required communications. As stated in the report, Mr. Wagner confirmed that 1) Deloitte & Touche LLP issued an unqualified opinion on the

Corporation's August 31, 2013 financial statements, 2) there were no changes in accounting policies that impacted the Corporation's financial statement balances, and 3) 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. The Corporation's financial statements and disclosures were complete in all material respects. Mr. Wagner stated that no material weaknesses regarding internal controls were found during their audit procedures and there were no concerns regarding management. Mr. Wagner stated they had no difficulties to report and were very complimentary of the Corporation's Staff, and the cooperation that Deloitte & Touche LLP had received throughout the audit process. Mr. Wilson asked Ms. Moeller to review the annual financial statements for the Corporation. Mr. Zimmerman, Mr. Turner and Ms. Moeller answered the Committee Members' questions. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Committee:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Corporation for the year ended August 31, 2013, 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, 2013, and August 31, 2012 be, and are hereby approved in the form as presented to the Audit and Ethics Committee, subject to approval by the Corporation's Board.

Update of Compliance, Reporting and Audit Matters

Mr. Wilson asked Ms. Gonzalez to provide an update of compliance, and reporting matters. Ms. Gonzalez began with a report on non-compliance items in the Investment Policies Compliance Report for the Quarter Ended November 30, 2013. As previously reported, staff exceeded its delegated authority when it entered into a contract entered with GlobeArc LLC. The Board subsequently approved the contract at its meeting in October. There were two minor issues related to external managers both of which were corrected to bring them back into compliance. Ms. Gonzalez continued reporting on the compliance matters for the fiscal quarter ending November 30, 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. Also provided to the Committee was the Institutional Compliance Program Report for the Period Ended November 30, 2013 and the Institutional Compliance Action Plan for FY 2014. Mr. Zimmerman and Ms. Gonzalez answered the Committee members' questions.

Amendments to Charter of the Audit and Ethics Committee

Mr. Wilson asked Mr. Zimmerman to explain the proposed amendments to the Charter of the Audit and Ethics Committee. Mr. Zimmerman stated that in accordance with the Charter, the Committee is required to periodically review the Charter and recommend any proposed changes to the Board. He summarized the changes recommended for the Committee. With no discussion and upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that the amendments to the Charter of the Audit and Ethics Committee, as recommended be, and are hereby approved, in the form submitted to the Committee, subject to approval by the Corporation's Board of Directors.

Unaudited Financial Statements

Mr. Wilson asked Ms. Moeller to present the separate unaudited financial statements as of November 30, 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.

Executive Session

Mr. Wilson announced, at 11:33 a.m., that "The Audit and Ethics Committee of the Board of Directors of The University of Texas 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. This Executive Session meeting of the Committee is authorized by Texas Government Code Section 551.074 (Personnel Matters). The date is February 13, 2014, and the time is now 11:33 a.m." With the exception of Ms. Gonzalez, Mr. Turner, Mr. Jewell, and members from Deloitte and Touche, LLP, all other meeting participants left the meeting at this time.

Open Session

The Committee reconvened in open session and Mr. Wilson announced that "The Open Session of the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is February 13, 2014, and the time is now 11:37 a.m. During the Executive Session, the Committee deliberated individual personnel evaluation matters but no action was taken nor decisions made, and no vote was called for or had by the Committee in Executive Session."

There being no further business to come before the Committee, the meeting was adjourned at 11:38 a.m.

Secretary: 
Joan Moeller

Approved: 
Robert L. Stillwell, Acting Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 5/7/2014