

**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 **April 29, 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 Acting Committee Chair, Robert L. Stillwell, 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:

Robert L. Stillwell, Acting Chairman
R. Steven Hicks
Charles W. Tate

thus constituting a majority and quorum of the Committee. 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 Jim Phillips, Mike Peppers, Roger Starkey, and Allen Hah of The University of Texas System ("UT System") Administration; and Jerry Turner of Andrews Kurth LLP. Acting Committee Chair Stillwell called the meeting to order at 11:05 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 February 13, 2014. 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 February 13, 2014, be, and are hereby, approved.

Update of Compliance, Reporting and Audit Matters

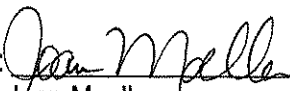
Mr. Stillwell asked Ms. Gonzalez to provide an update of compliance, reporting and audit matters. Ms. Gonzalez began with a report on non-compliance items in the Investment Policies Compliance Report for the Quarter Ended February 28, 2014. Ms. Gonzalez reported that an external manager violated its duration test because one of its index countries exceeded its duration limit to the investment benchmark. The manager took corrective action to ensure no further violations; however, this was the second violation in two quarters and a third was identified in May. Mr. Zimmerman stated that, as a result of repeat violations, the relationship with the manager was under serious review. The violation was also reported during the Risk Committee meeting earlier that day and the sentiment of the Risk Committee members, as reported by Director Tate, Chair of the Risk Committee, was that regardless of performance, persistent out-of-compliance issues were not acceptable. Mr. Zimmerman assured the Committee that Staff heard the

Risk Committee's views and did not disagree. Ms. Gonzalez continued reporting on the compliance matters for the fiscal quarter ending February 28, 2014, 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 February 28, 2014 and the updated Institutional Compliance Action Plan for FY 2014. Mr. Stillwell asked Mr. Peppers to report on behalf of the UT System Audit Office. Mr. Peppers reported the October 2013 Separately Invested Funds Audit was completed and work recommended had been fully implemented by management. Mr. Zimmerman answered the Committee members' questions.

Unaudited Financial Statements

Mr. Stillwell asked Ms. Moeller to present the separate unaudited financial statements as of February 28, 2014, 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.

There being no further business to come before the Committee, the meeting was adjourned at 11:21 a.m.

Secretary: 
Joan Moeller

Approved: 
John D. White, Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 