

**MINUTES OF MEETING OF THE  
AUDIT AND ETHICS COMMITTEE OF THE  
BOARD OF DIRECTORS 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 26, 2016**, 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, John D. White, 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:

John D. White, Chair  
Phil Adams  
H. Lee S. Hobson

thus constituting a majority and quorum of the Committee. Director David J. Beck did not attend the meeting. Committee Chair ("Chairman") White called the meeting to order at 3:47 p.m. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Treasurer and Secretary; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; and Gary Hill, Senior Manager - Investment Reporting. Other attendees were Michael Peppers, Gan Louie, Eric Polonski, 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 February 17, 2016. 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 17, 2016, be, and are hereby, approved.

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

Chairman White asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez discussed the Investment Policies Compliance Report for the Quarter Ended February 29, 2016, with no issues to report. She presented to the Committee the Institutional Compliance Program Report for the Quarter Ended February 29, 2016, reporting that there had been several changes within the organization but all Staff responsibilities had been tracked with regards to compliance due diligence. Within the information technology and security area, there was one malware incident and several compliance violations including storing of Corporation data on unapproved personal devices or cloud services. All issues were addressed with the respective user and were resolved. Ms. Gonzalez continued her report on compliance matters, including the status of employee training, pre-clearance of trades and the Corporation's Compliance Hotline activity. Ms. Gonzalez also gave an update on the Institutional Compliance Action Plan for FY 2016 and


reported that a new Compliance Specialist had been hired on March 15, 2016. Ms. Gonzalez answered the Committee Members' questions. Chairman White then asked Mr. Peppers to give a report from the UT System Audit Office. Mr. Peppers said his office was in the midst of completing the audit on Separately Invested Funds. Based on a proposed recommendation from the Audit Office, Staff had already taken action to amend the Delegation of Authority Policy. Also on-going was the travel and expense audit for the CEO. The audit this year was expanded to include other Corporation travelers in addition to the CEO. Mr. Zimmerman, Ms. Gonzalez and Mr. Peppers answered the Committee Members' questions.

**Unaudited Financial Statements**

Chairman White asked Ms. Moeller to present the separate unaudited financial statements for the Permanent University Fund ("PUF"), the General Endowment Fund ("GEF"), Permanent University Fund ("PHF"), Long Term Fund ("LTF"), the Intermediate Term Fund ("ITF"), and the Corporation for the six months ended February 29, 2016. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. Ms. Moeller and Mr. Hill answered the Committee Members' questions.

There being no further business to come before the Committee, the meeting was adjourned at approximately 4:06 p.m.

Secretary:   
Joan Moeller

Approved:   
David J. Beck, Chair  
Audit and Ethics Committee of the Board of Directors of  
The University of Texas Investment Management Company

Date: 7/25/16