

**MINUTES OF MEETING OF THE
AUDIT AND ETHICS COMMITTEE OF THE
BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS /TEXAS A&M INVESTMENT MANAGEMENT COMPANY**

A meeting of the Audit and Ethics Committee (the "Committee") of The University of Texas/Texas A&M Investment Management Company (the "Corporation") convened in open session on **June 4, 2020**, by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 1700, 210 West 7th Street, Austin, Texas, said meeting having been called by the Committee Chair, Janet Handley ("Chairman"), with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the internet. Participating in the meeting were the following members of the Committee:

Janet Handley, Chair
Clifton L. Thomas, Jr.
James C. "Rad" Weaver

thus constituting a majority and quorum of the Committee. Chairman Handley called the meeting to order at 10:23 a.m. Employees of the Corporation attending the meeting were Britt Harris, President, CEO and Chief Investment Officer; Rich Hall, Deputy Chief Investment Officer; Joan Moeller, Treasurer and Secretary; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; and other employees. Other attendees were Jerry Kyle of Orrick, Herrington & Sutcliffe LLP; Eric Polonski of The University of Texas System ("UT System") Administration; and David Rejino of The Texas A&M University System. 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 March 5, 2020. 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 March 5, 2020 be, and are hereby, approved.

Engaging Corporate External Auditor

Chairman Handley asked Ms. Moeller to present the Corporate external auditor item. Ms. Moeller stated that, if approved by the Board, fiscal year 2020 would be the 14th year that Deloitte & Touche LLP serves as the Corporation's auditor. The University of Texas System issued a RFQ in February 2016 for audit services related to UT System, including the audit of the investment funds, and Deloitte & Touche LLP was selected in April 2016 as the auditor for UT System. Estimated fees for UTIMCO's FY 2020 audit services are \$46,300 plus out of pocket costs, which is a \$1,300 increase over the FY 2019 fee. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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, 2020, subject to further approval of the UTIMCO Board.

Update on Compliance, Reporting and Audit Matters

Chairman Handley introduced the third item on the agenda and asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez presented the investment compliance summary for items monitored by the Committee. Ms. Gonzalez next reported on the Institutional Compliance Program Report for the quarter ended February 29, 2020, including a fund compliance update, the status of training, pre-clearance of trades, and compliance hotline activity. Ms. Gonzalez reported that all high-risk areas continued to be monitored and remain well controlled with the exception of Information Technology and Security. Information Technology and Security continues to show an opportunity for enhancement and progress is being made. In addition, Ms. Gonzalez reviewed with the Committee the updated Institutional Compliance Action Plan for Fiscal Year 2020. Ms. Gonzalez also reported on the annual disclosure statements filed by outside financial advisors and service providers and Director co-investments for the Fiscal Year 2020. Finally, Ms. Gonzalez reported there was one new contract of \$250,000 or more for the period February 14, 2020 through May 21, 2020.

Unaudited Financial Statement Reports

Chairman Handley asked Ms. Moeller to present the Unaudited Financial Statements for the Permanent University Fund ("PUF"), General Endowment Fund ("GEF"), Permanent Health Fund ("PHF"), Long Term Fund ("LTF"), and the Intermediate Term Fund ("ITF"), each for the six months ended February 29, 2020. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. She discussed the Corporation's unaudited financial statements for the seven months ended March 31, 2020. Ms. Moeller answered the Committee Members' questions.

Executive Session

Chairman Handley announced that, "The Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M 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 compensation and evaluation matters related to the Corporate Counsel and Chief Compliance Officer. This Executive Session meeting of the Committee is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is June 4, 2020, and the time is now 10:43 a.m." With the exception of Mr. Harris, Mr. Hall, Ms. Moeller, and Mr. Kyle, all other meeting participants left the meeting at this time.

Open Session

The Committee reconvened in open session and Chairman Handley announced that, "The Open Session of the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company is now reconvened. The date is June 4, 2020, and the time is now 10:51 a.m. During the Executive Session, the Committee deliberated individual personnel compensation and evaluation matters

but no action was taken nor decisions made and no vote was called for or had by the Committee in Executive Session."

Corporate Counsel and Chief Compliance Officer Base Salary

Chairman Handley recommended that the Audit and Ethics Committee and the CEO jointly recommend to the Compensation Committee, subject to approval by the UTIMCO Board, the base salary for the Corporate Counsel and Chief Compliance Officer for the 2020-2021 fiscal year. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the UTIMCO Board has established a UTIMCO Compensation Program (the "Plan") for certain employees of the Corporation; and

WHEREAS, Section 4.2.(a) of the Plan provides that the Compensation Committee of the Board of Directors of UTIMCO will determine the base salaries of key investment and operations employees; and

WHEREAS, the charter of the Audit and Ethics Committee (the "Committee") requires the Committee and the CEO to make a joint recommendation to the Compensation Committee as to the base salary for the Chief Compliance Officer; and

WHEREAS, the Committee and the CEO have prepared a joint recommendation regarding the base salary of the Corporate Counsel and Chief Compliance Officer.

NOW, THEREFORE, be it:

RESOLVED, that the Audit and Ethics Committee approves the base salary of the Corporate Counsel and Chief Compliance Officer as recommended by the CEO and the Audit and Ethics Committee and the CEO hereby jointly recommend to the Compensation Committee the base salary of the Corporate Counsel and Chief Compliance Officer, effective September 1, 2020.

Adjourn

There being no further business to come before the Committee, the meeting was adjourned at approximately 10:52 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Jane Handley Date: 9/16/2020
Jane Handley, Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company