

**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 **March 3, 2022**, 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 7<sup>th</sup> Street, Austin, Texas, said meeting having been called by the Committee Chair, Janet Handley ("Chair"), 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  
Jodie L. Jiles  
James C. "Rad" Weaver

thus constituting a majority and quorum of the Committee. Clifton L. Thomas, Jr. did not attend the meeting. Chair Handley called the meeting to order at 11:00 a.m. Employees of the Corporation attending the meeting were Rich Hall, Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Carolina de Onís, General Counsel and Chief Compliance Officer; Gary Hill, Managing Director - Operations, Accounting and Reporting; and other employees. Other attendees were Ben Morse of Orrick, Herrington & Sutcliffe LLP; Eric Polonski of The University of Texas System ("UT System") Administration; and Robert Cowley and Trinh Tran of Deloitte & Touche 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 December 2, 2021. 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, 2021 be, and are hereby, approved.

**Audit Results and Communications and Audited Financial Statements for the Corporation**

Chair Handley asked Mr. Robert Cowley, engagement partner from the independent accounting firm of Deloitte & Touche LLP, to present the audit results and communications for the August 31, 2021 and 2020 audits of the Corporation's Financial Statements. Mr. Cowley confirmed the completion of the audits and reviewed with the Committee the Audit Results and Communications Letter covering required communications. Mr. Cowley confirmed that Deloitte & Touche LLP issued a clean unqualified opinion on the Financial Statements, and that accounting principles utilized by management are of good quality, are acceptable. Mr. Cowley stated that there were no changes to accounting policies this year. He also stated they had no uncorrected or material corrected misstatements to report. Mr. Cowley then answered questions from the Committee. Chair Handley called for approval of the audit results and communications on the Corporation for the fiscal year ended August 31, 2021, and the audited financial statements and audit report

for the Corporation for the fiscal years ended August 31, 2021 and 2020. Upon motion duly made and adopted, the following resolutions were approved unanimously:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications Letter on the Corporation for the year ended August 31, 2021, 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, 2021, and 2020 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 on Compliance, Reporting and Audit Matters**

Chair Handley asked Mrs. de Onís to provide an update on compliance and reporting matters. Mrs. de Onís began with an update on key initiatives. First, she reported that phase one of the implementation of the ComplySci personal trading compliance software platform is complete. Mrs. de Onís reported that over 320 accounts are being monitored across 15 different brokerage feeds, nearing completion. Pre-clearance trading requirements and procedures have been rolled out, and phase two is underway to train employees on pre-clearing. She thanked all those involved in their efforts to meet the April 1, 2022 deadline. Mrs. de Onís reported on Ethics Compliance, noting one violation by an external manager that traded on the restricted list was reported and resolved. She reported that all firms have complied with their agency agreements, with only one firm submitting its statement late. Lastly, one personal trading violation by an employee's spouse that traded securities on the preclearance list was reported and resolved. Mrs. de Onís then answered the Committee Members' questions.

Chair Handley asked Mr. Eric Polonski, Director of Audits of the UT System Audit Office, to provide an update on the audit of UTIMCO's IT Asset Management Program. The growth of digital data presents risk that digital assets can be accessed by third parties and hackers. An effective IT Asset management is foundational for cybersecurity defense and supports the security of confidential and sensitive data. The objective of the audit is to determine if there are adequate controls and processes surrounding the management and protection of UTIMCO IT assets, including critical and confidential data and related hardware and software assets. Mr. Polonski explained that IT Asset Management involves having an inventory of IT hardware and software, an awareness by management of the location of its devices and that such assets are secure. Mr. Polonski then answered the Committee Members' questions.

### **Presentation of Unaudited Financial Statements**

Chair Handley asked Mr. Hill 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 quarter ended November 30, 2021. Mr. Hill provided highlights of the statements, with no new items or significant changes reported. Ms. Moeller then discussed the Corporation's unaudited financial statements for the four months ended December 31, 2021. She reviewed actual versus budget expenses as well as capital budget versus actual. Ms. Moeller and Mr. Hill then answered the Committee members' questions.

**Adjourn**

There being no further business to come before the Committee, the meeting was adjourned at approximately 11:25 a.m.

Secretary: Joan Moeller  
Joan Moeller

Approved: Janet Handley  
Janet Handley, Chair

Date: 8/2/2022

Audit and Ethics Committee of the Board of Directors of  
The University of Texas/Texas A&M Investment Management Company