

**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 ("UTIMCO" or the "Corporation") convened in open session on **June 8, 2023**, 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  
Janiece Longoria  
James B. Milliken

Also attending the meeting were Director Howard Berk and Director Jay Graham, thus constituting a majority and quorum of the Committee and Board. Chair Handley called the meeting to order at 9:00 a.m. Employees of the Corporation attending the meeting were Britt Harris, President and CEO; 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; Kim Bauer, Senior Director – Operations, and other employees. Other attendees included J. Michael Peppers, Chief Audit Executive and Eric Polonski, Director of Audits, of the UT System Audit Office. Jerry Kyle and Taylor Raymond of Orrick, Herrington & Sutcliffe LLP were also in attendance. 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 23, 2023. Upon motion duly made and seconded, the following resolution was unanimously approved by the Committee:

RESOLVED, that the minutes of the Meeting of the Audit and Ethics Committee of the Board of Directors held on March 23, 2023 be, and are hereby, approved.

**Engaging Corporate External Auditor**

Chair Handley asked Ms. Moeller to present the Corporate external auditor agenda item. Ms. Moeller stated that The University of Texas System issued an RFQ in February 2022 for audit services related to the annual audit of UT System, including the audit of the investment funds, and that UT System selected Deloitte and Touche LLP to continue as the UT System auditor. The Corporation has previously utilized the same auditor as the investment funds and recommends that Deloitte & Touche LLP continue as the Corporation's auditor. Ms. Moeller stated that if approved by the Board, fiscal year 2023 would be the 17<sup>th</sup> year that Deloitte & Touche LLP serves as the Corporation's auditor. Upon motion duly made and seconded, the following resolution was unanimously approved by the Committee:

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, 2023, subject to further approval of the UTIMCO Board.

### **Proposed Amendments to Corporation's Code of Ethics**

The next matter to come before the Committee was the discussion and approval of the proposed amendments to the Corporation's Code of Ethics. In accordance with the Charter of the Audit and Ethics Committee, the Audit and Ethics Committee will periodically review the Code and recommend any proposed changes to the Policy Committee for concurrence and submission to the UTIMCO Board for approval. The Charter of the Policy Committee also requires the Policy Committee to review proposed amendments to the Code and recommend to the UTIMCO Board the approval of such amendments. Chair Handley asked Ms. de Onís to review the proposed amendments.

Ms. de Onís began by noting that the Code was last revised in December 2012 and that the proposed changes are largely administrative in nature, to conform the language in the Code to the evolution of compliance at UTIMCO over the ensuing 11 years, and to increase requirements to reflect best and current practice in the industry.

Ms. de Onís reviewed minor revisions to the Definitions Section of the Code of Ethics, including adding a new definition of UTIMCO Contractor and requiring that the Code generally be applicable to UTIMCO Contractors as if they were UTIMCO employees. Ms. de Onís continued by discussing the revisions to the Gifts and Entertainment Section, including allowing employees who receive prohibited gifts to donate the gift or its equivalent value to charity instead of returning the gift to the donor, and allowing employees to have their travel, lodging and meal expenses paid for by conference sponsors in exchange for speaking at conferences. The revisions to the Employee Personal Securities Transactions Section removed outdated personal trading procedures and created a new requirement for UTIMCO to develop and implement a Personal Trading Policy. The Section related to the Employee Ethics and Compliance Committee were revised to create new obligations on and requirements for the Chief Compliance Officer ("CCO") and to delegate obligations of the Employee Ethics and Compliance Committee to the CCO. Other revisions included a new requirement that material updates to a financial disclosure statement must be made as soon as practicable, and no later than 90 days after the change occurred, and additional clarifications to the Section related to Certification of No Pecuniary Interest. Ms. de Onís stated that all other proposed changes were minor clarifications, formatting and numbering changes. Ms. de Onís then answered the Committee Members' questions. Chair Handley recommended approval of the proposed changes to the Code of Ethics by the Committee, subject to further approval of the UTIMCO Board and the UT System Board of Regents. Upon motion duly made and seconded, the following resolution was unanimously approved by the Committee:

WHEREAS, the Charter of the Audit and Ethics Committee requires the Committee to periodically review the Code of Ethics policy of the Corporation and recommend any proposed changes to the Policy Committee for concurrence and submission to the Board for approval; and

WHEREAS, the Committee has reviewed the Code of Ethics policy and desires to recommend changes to the Policy Committee for concurrence and submission to the Board for approval; and

NOW, THEREFORE, be it:

RESOLVED, that the Committee hereby recommends to the Policy Committee the Code of Ethics policy in the form previously provided to the Committee for concurrence of the Policy Committee, subject to further approval of the UTIMCO Board.

### **Report from the UT System Audit Office**

Chair Handley invited J. Michael Peppers and Eric Polonski to review the UTIMCO Securities Lending Audit. Mr. Peppers introduced the genesis of the project, before passing the presentation over to Mr. Polonski. Mr. Polonski detailed the practice of securities lending, both as a general practice, and as implemented at UTIMCO. Mr. Polonski noted that UTIMCO's program was established with conservative guidelines and a policy objective of principal preservation. Mr. Polonski relayed that UTIMCO's securities lending activities included sufficient controls to ensure that investment management goals are met and are in compliance with relevant policies and investment agreements.

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

Chair Handley asked Ms. de Onís to provide an update on compliance and reporting matters. Ms. de Onís began by noting that there were no compliance violations during the quarter. She continued by presenting a Compliance summary and updates on accomplishments, as well as routine Compliance reporting for the quarter ended February 28, 2023. She then concluded her report by providing an update on the annual disclosure statements filed by outside financial advisors and service providers.

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

Chair Handley asked Ms. Moeller to present the Unaudited Financial Statements for the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, and the Intermediate Term Fund, each for the quarter ended February 28, 2023. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. She then reviewed the UTIMCO Corporate Financial Statements and actual versus budget expenses as well as capital budget versus actual for the seven months ended March 31, 2023.

### **Executive Session**

Chair 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 evaluation matters, and individual compensation matters related to the General 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 8, 2023, and the time is now 9:45 a.m." With the exception of Mr. Harris, Mr. Hall, Ms. Moeller, Mr. Kyle, and Ms. Raymond, all other 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 8, 2023, and the time is now 9:54 a.m. During the Executive Session, the Committee deliberated individual personnel evaluation matters, and individual compensation matters related to the General Counsel and Chief Compliance Officer, but no action was taken, nor decisions made, and no vote was called for or had by the Committee in Executive Session."

### **General Counsel and Chief Compliance Officer Base Salary**

Chair Handley recommended that the Committee and the CEO jointly recommend to the Compensation Committee, subject to approval by the UTIMCO Board, the base salary for the General Counsel and Chief Compliance Officer for the 2023-2024 fiscal year. By motion duly made and seconded, the following resolution was unanimously approved by the Committee:

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 General Counsel and Chief Compliance Officer.

NOW, THEREFORE, be it:

RESOLVED, that the Audit and Ethics Committee approves the base salary of the General 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 General Counsel and Chief Compliance Officer, effective September 1, 2023.

### **Adjourn**

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:53 a.m.

Secretary: Joan Moeller  
Joan Moeller

Approved: Jodie L. Jiles  
Jodie L. Jiles, Chair

Date: 09/28/23

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