



STATE OF TEXAS

February 4, 2009

Mr. Robert B. Rowling  
Chairman of the Board  
UTIMCO  
401 Congress Avenue, Suite 2800  
Austin Texas 78701

Dear Mr. Rowling:

It has come to our attention that the UTIMCO Compensation Committee recently approved bonus compensation for several of its staff members. Minutes recorded during a November 6, 2008, meeting reflect that bonuses totaling \$3.38 million were approved, including a \$1.05 million bonus for the Chief Executive Officer, Bruce Zimmerman. Another \$2.33 million in bonuses were approved to be dispersed among additional staff members.

We take strong issue with these bonuses for two main reasons.

First, we can't imagine how such compensation is justified considering that in the same month this meeting was held, reports surfaced that UTIMCO's earnings for the year had dropped an estimated 23 percent.

Second, we find it hardly defensible to issue bonuses of this size during a time when state agencies are being asked to tighten their belts, and Texans across the state are facing difficult personal budget decisions.

These decisions are irresponsible given the financial crisis that is spreading across our nation. In times like this, we expect leaders of our public investment funds to act with fiscal restraint and responsibility, especially when the funds you manage are posting double-digit losses.

As many hard-working Texans and business owners face an end to not only their bonuses, but in many cases their jobs and homes, it is inappropriate to excessively reward staff using dollars from a weakening public fund that our higher education institutions and their employees depend upon.

We hope that the UTIMCO Board of Directors will reject the action taken by its Compensation Committee and make the fiscally responsible decision to deny approval of the bonuses as proposed.

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As UTIMCO leaders stand before the Senate Finance Committee tomorrow, we look forward to hearing the committee's reasoning for granting these bonuses and gaining clarity about who received the bonuses and at what levels.

Sincerely,



Rick Perry  
Governor



David Dewhurst  
Lieutenant Governor

cc: Mr. J. Philip Ferguson, Vice Chairman, Board of Directors, UTIMCO  
Mr. Kenneth I. Shine, Vice Chairman for Policy, UTIMCO  
Mr. Clint D. Carlson, Member, Board of Directors, UTIMCO  
Mr. Paul Foster, Member, Board of Directors, UTIMCO  
Ms. Colleen McHugh, Member, Board of Directors, UTIMCO; Board of Regents, The University of Texas System  
Mr. Arden E. Moore, Member, Board of Directors, UTIMCO  
Mr. Erle Nye, Member, Board of Directors, UTIMCO  
Mr. Charles W. Tate, Member, Board of Directors, UTIMCO  
Mr. H. Scott Caven, Jr., Chairman, Board of Regents, The University of Texas System  
Mr. James R. Huffines, Vice Chairman, Board of Regents, The University of Texas System  
Mr. John W. Barnhill, Jr., Member, Board of Regents, The University of Texas System  
Mr. James D. Dannenbaum, Member, Board of Regents, The University of Texas System  
Mr. Paul Foster, Member, Board of Regents, The University of Texas System  
Mr. Printice L. Gary, Member, Board of Regents, The University of Texas System  
Ms. Janiece Longoria, Member, Board of Regents, The University of Texas System  
Mr. Benjamin L. Dower, Student Regent, The University of Texas System