

May 26, 2016

Dear friends:

This letter is in direct rebuttal to media reports this week about the U of L Foundation's 990 tax filing. In short, the reporter doesn't understand the purpose of the filing and has for two consecutive years misreported salary and compensation information for the University's management team.

Chris Otts at WDRB has vastly overstated the compensation for Dr. Jim Ramsey, Kathleen Smith, and other university officials. He has done this repeatedly and in a deliberate attempt to mislead the public about compensation matters, and he has done so without a fair assessment of the inarguably positive results the leadership team has achieved since 2002.

Despite nearly 15 years of declining financial support for UofL from the state (totaling \$322 million), the university continues its upward trajectory producing more job-ready graduates and a record number of prestigious Fulbright, Truman, and other national scholars. The campus has been transformed from a sleepy commuter school to a vibrant and academically competitive university attracting increasingly large numbers of more highly qualified applicants year-over-year. The University of Louisville Foundation has stated repeatedly those successes can be directly linked to one key strategy – retaining the leadership of Dr. James Ramsey and his executive team.

Yesterday, the elected officers of the UofL Foundation Board and the Chairmen of the two standing committees (Finance and Audit) spent 1½ hours with Chris Otts, WDRB-TV, to detail the reported data on the Foundation's FY15 IRS 990 submission. An audio recording of the session is posted as follows: [click to download](#). The time spent with Mr. Otts was to explain a complex federal reporting methodology for taxable earned and projected compensation. But, this methodology is not used by the IRS, or other entities, for employee withholding purposes or representation of salaries earned. Dean, Dorton, Allen, and Ford (DDAF) presented the taxation formula and the Chief Financial Officer discussed the liabilities and biennial data included on the 990 schedules. Unfortunately, the complexities of the formulas and the purposes behind the 990 schedule were missed by the WDRB reporter and he used only a simplistic compensation total which was overstated by \$1,198,249 in taxable year 2014 and overstated by \$1,024,078 in taxable year 2013.

Interestingly, WDRB made no mention of the 990 reported data for the Athletic Association where the following individuals are listed as follows:

Richard Pitino:	\$5,212,506
Robert Petrino:	\$3,694,493
Mr. Tom Jurich:	\$3,450,983
Mr. Jeff Walz:	\$1,136,771
Mr. Todd Grantham:	\$1,031,167

One could presume the station and its reporter have an agenda that is beyond reporting all the facts.

Ethical reporting without bias or predetermined opinion is what the Foundation and the University deserve. We felt that it was critical the record be corrected regarding the realization of income that Dr. Ramsey and his staff received. Mr. Otts overstated compensation for Kathleen Smith in taxable year 2014 by \$463,791 and in taxable year 2013 by \$142,841. Perhaps unsurprisingly, there was no mention by Mr. Otts of the nearly \$150,000,000 in federal, state, and private funds she has raised for infrastructure and academic programs at the University since 2006.

Dr. Ramsey's corrected compensation for this same 2014 taxable year is \$1,593,137, the bulk of which is in the form of deferred compensation and contributions to retirement, a practice that university foundations commonly use to retain top performing presidents. Retaining top talent in higher education has become increasingly competitive and critical in a rapidly changing fiscal environment.

The officers of the UofL Foundation Board credit Ramsey's strong fiscal acumen, focus on academic achievement and decisive leadership style for UofL's transformation. Retaining Ramsey and his team has produced a tremendous return-on-investment for the University.

It is possible these oversights and misrepresentations were not deliberate, but they have been repeated for the past two years. When an organization is growing and achieving, it is critical to retain top talent. Dr. Ramsey has demonstrated exemplary leadership of both the University and the Foundation, and that leadership has driven incredible results. By linking his and his team's compensation directly to performance, we've created an environment of accountability and achievement.

We are disappointed that after spending valuable time with a representative of WDRB, Mr. Otts continues to be selective in his reporting, creates negative stories with clickbait titles, and misleads the public with fairy-tales regarding the compensation for Ramsey and his team.

Sincerely,

Robert Curtis Hughes, M.D.
Chairman, UofL Foundation

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