



# Pickens: UT must earn \$50M gift

Donation can be turned into \$500M in 25 years, medical center says

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T. Boone Pickens became a billionaire making shrewd business deals. His next venture stands to make a half-billion dollars for the University of Texas Southwestern Medical Center at Dallas – with some unusual terms.

Mr. Pickens visited the campus Wednesday to announce that he's donating \$50 million. Here's the hefty catch: Over the next 25 years, the school must turn that gift into \$500 million. Until that happens, it can't spend a dime.

But speaking before 250 people, Mr. Pickens and a substantial entourage of campus and UT System officials left out the most interesting part of the deal. Should UT Southwestern fall short of the half-billion mark, it can keep only the initial \$50 million and must fork over the balance to Oklahoma State University, Mr. Boone's alma mater, for student scholarships.

UT leaders insist that they'll meet the challenge and that, no offense to college students across the Red River, every cent will stay in Texas. Why else would they have accepted the unconventional terms?

"Unless the country goes into a deep depression, I think it should be readily doable," said Kern Wildenthal, UT Southwestern's president.

Mr. Pickens agreed. "Can you see UT writing a check to OSU for anything?" he joked.

The gift ties for the largest in UT Southwestern history. The maverick philanthropist is giving another \$50 million, with the same provisions, to UT's M.D. Anderson Cancer Center in Houston. It's the largest gift in Anderson's history.

If – or when – the medical campuses hit their financial target, they can spend their fortunes as they see fit.

"I predict that although we'll have made tremendous strides over 25 years, we'll still have problems," Dr. Wildenthal said, be it in treating Alzheimer's disease, cancer or some new infectious disease.

Mr. Pickens also gets something beyond the inherent joy of helping others: a new UT Southwestern research building named after him.

New foundation

The oilman is giving the money through his new foundation. UT Southwestern's share will go to its foundation for investment. Given a 9.6 percent annual return, the money would grow to \$500 million over 25 years.

"That's absolutely doable," said Philip Cooley, a business professor at Trinity University in San Antonio



T. Boone  
Pickens

who studies investments. The stock market has posted an annual average return of about 11 percent since World War II.

Dr. Cooley said that although the terms are "quite unusual," he sees nothing wrong with them.

"That's very clever of T. Boone. I like that a lot. That's an interesting way of giving," he said. "I wish he'd give some to Trinity."

The one potential pitfall, as Dr. Cooley sees it: The stock market does poorly and 18 or 20 years from now, UT Southwestern falls off track to make \$500 million. The school then would have a "perverse incentive" to catch up by making riskier investments, he said.

But UT Southwestern would have a Plan B: "You could still go out and beat the bushes to get donors to match," Dr. Cooley said. Campus officials say that's always an option. Their foundation has lots of deep-pocketed donors and receives more than \$100 million a year in private gifts. UT Southwestern's two earlier \$50 million gifts were from Dallas investor Harold C. Simmons and his wife, Annette, in 2005 and from anonymous donors in 2003.

Even experts who track private gifts to higher education say the arrangement is novel.

"We just haven't found anything like this kind of a gift in any of our legwork – and we've done some significant legwork," said Rae Goldsmith of the Council for Advancement and Support of Education.

'Been fortunate'

Mr. Pickens has given to both UT institutions before, and he served on an Anderson board from 1977 to 1986.

"I've just been fortunate to have the money to give them," he said.

That's an understatement. *Forbes* magazine ranks Mr. Pickens as the 103rd-richest American, with a net worth of \$2.7 billion. He has shared much of that wealth, giving nearly half a billion dollars to various causes from 2003 to 2006, according to *The Chronicle of Philanthropy*.

Those gifts include a \$165 million donation for OSU to upgrade the football stadium that bears his name and build other athletic facilities. Some critics said such a fortune – the largest gift ever to an NCAA athletic program – should have gone instead to academics or another more worthy venture.

Granted, many Texans consider football a noble cause. But UT officials predict the Pickens money will have a big impact on something more important: the state's health needs.

"He's betting on medical research in Texas. It's a smart wager, and one that will pay off with cures and treatments and improved quality of life for many generations to come," said James Huffines, chairman of UT's Board of Regents.

Mr. Huffines also ribbed Mr. Pickens for wearing a necktie with OSU's signature color instead of UT's. "Even if Boone prefers a different shade of orange, we are profoundly grateful for this gift," he said.

The terms of the gift are spelled out in three-page agreements. They're identical for UT Southwestern and M.D. Anderson, except the recipient of the gift (a UTSW foundation vs. an M.D. Anderson corporation) and which building each school is to name after Mr. Pickens.

A typical university fundraising campaign lasts seven years, sometimes as much as 10. And a quarter-century of inflation will whittle away part of the value of the \$50 million gifts.

Mr. Pickens, 78, said he'll at least get a sense of whether UT Southwestern and M.D. Anderson are on track to make their goals.

"They'll do it. There's no question they'll do it," he said.

Dr. Wildenthal, 65, has led UT Southwestern for 21 years.

"I'd love to still be around," he said. "And hopefully I'll be around watching someone else spend this money."

OSU spokesman Gary Shutt said the UT campuses are certain to succeed. But just in case, he said, take note: "If UT were to send money our way, we would put it to good use for our students."