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Financial Straits of Boosters Hit Athletic Programs



James Gibbard/The Tulsa World, via Associated Press

The athletic director Mike Holder, T. Boone Pickens, and the Oklahoma State president, David J. Schmidly, in 2006, after announcing Pickens's \$165 million donation to the university.

By [JOE DRAPE](#) and THAYER EVANS
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Nearly three years ago, the billionaire oilman [T. Boone Pickens](#) donated \$165 million to [Oklahoma State](#)'s athletic department so it could remake its facilities into a Shangri-La for Cowboys sports, complete with an indoor practice center and new facilities for baseball, equestrian, soccer, tennis, and track and field. Pickens was so true to his school that he also allowed Oklahoma State to take out a \$10 million insurance policy on his life.

Those funds, along with \$37 million from other donors, were invested in BP Capital Management, a hedge fund controlled by Pickens. At the time, it looked like a windfall that would keep on giving. Instead, Pickens recently acknowledged that his investments had lost \$1 billion this year amid the financial crisis.

Now, building on Oklahoma State's athletic village has been held up, and the athletic director, Mike Holder, said the project would have to wait until Pickens's financial situation improved. Holder and a spokesman for BP Capital declined to disclose the current value of the university's investment in Pickens's hedge fund.

Oklahoma State is hardly alone in watching its soaring ambitions crash back to earth with the fortunes of some of its biggest benefactors.

When Aubrey K. McClendon, the chief executive of Chesapeake Energy, recently announced that he had to sell some 32 million shares, or more than 5 percent of the company he founded, worth nearly \$600 million, athletic officials at the [University of Oklahoma](#) were rattled. The bankruptcy proceedings of another energy company, SemGroup, has brought unwanted attention to the [University of Kansas](#), where the company's ousted co-founder, Tom Kivisto, had pledged \$12 million for a recently opened football complex.

Like the chief executives on Wall Street, leaders of collegiate athletic programs must acknowledge that the boom days of fund-raising have given way to belt-tightening.

"Adjustments have to take place and look bleak in the short term," said Joe Castiglione, Oklahoma's athletic director.

In 2006-7, for example, the nation's largest athletics departments and booster clubs raised more than \$1.2 billion, according to a survey by The Chronicle of Higher Education. Some programs have more than tripled their annual gifts over the past 10 years. From 2002 to 2007, colleges in the six Bowl Championship Series conferences raised more than \$3.9 billion through capital campaigns for new facilities, according to the survey.

Last May, McClendon and his wife, Kathleen, pledged \$7 million to build a boathouse on the Oklahoma River for the women's rowing team and a housing facility near Memorial Stadium. Castiglione said he had spoken with McClendon, but he declined to say whether McClendon had given Oklahoma the money or intended to. Through a spokesman, McClendon declined to comment.

"It makes us concerned for everybody," Castiglione said. "It's something that we have to watch for everybody, because it's hitting people in ways they could have never predicted."

Even the [University of Texas](#), which has the nation's top-ranked football team, is bracing for a downturn despite raising \$35 million last year through annual giving, suites and premium seating. It also has a \$29 million athletic endowment.

DeLoss Dodds, the university's longtime athletic director, recalled the perilous times that followed the 1987 stock-market crash.

“We worked with people,” he said. “We absolutely worked with them on whatever commitments they were making or had been making.

“When things go bad and things get tough, people have to do realistic things, and we help them do that.”

It is perhaps never as bad in Texas than it is in the rest of the country, because love for the Longhorns runs deep and backing them conveys a tremendous status. So Dodds said he was in no hurry to call in the commitments currently on the books, and he had a pretty good idea of how the penny-pinching would play out.

“We’ll probably see it first in baseball, maybe, and then maybe in basketball,” he said. “We’ve lost a couple of suite holders in basketball, and I think the economy is part of the reason there. I think people will hold on to their football stuff as long as they can.”

Beyond patience, the ensuing months and years will also require diplomacy from athletic fund-raisers as they soothe the bruised egos of deep-pocketed donors, many of them who are enduring public embarrassment.

Not all of the nation’s major boosters have the financial wherewithal or the élan of Pickens, whose book, “The First Billion is the Hardest,” is a national best seller.

His spokesman, Jay Rosser, said Pickens had so far given more than \$700 million to a variety of causes in the past five years.

“He looks forward to having a party to celebrate giving away \$1 billion,” Rosser said. “Unfortunately, the economic downturn has hit everyone hard, and Boone hasn’t been immune. The chance of a party this year is next to none.

“Hopefully, the markets will improve soon and Boone can get back to the business of giving serious money. Boone likes making money, and he likes to give it away.”

Kivisto, a former basketball star for Kansas, was removed as the chief executive of SemGroup in July and put on leave. Last week, [Louis J. Freeh](#), the former F.B.I director, was appointed by a bankruptcy court to sort out how the company lost \$2.4 billion on the [New York Mercantile Exchange](#) and to look into allegations that Kivisto’s personal trading company in the oil futures market incurred \$290 million of the losses.

It is unclear, however, if Kivisto has made good on the \$12 million commitment to Kansas athletics. In 2006, the athletic department acknowledged that Kivisto had contributed \$4 million and committed an additional \$8 million to a new football complex.

It coincided with an announcement that the field inside Memorial Stadium would be renamed in his honor.

Lew Perkins, director of athletics at Kansas, said it was his policy not to publicly discuss the specifics about donors or donations.

“I will say that Tom has been a friend of this university for a long time,” he said. “He has done everything for us and beyond.”

Ultimately, however, it takes trust and toughness on the part of the benefactor and the athletic department to weather tight times. In the case of Oklahoma State and T. Boone Pickens, a sense of humor helps.

“Sure you’re concerned about your investments, but I like the person we’re investing with,” Holder said. “I guess the good news is he had a billion dollars to lose.”