KOCH'S MILLIONS BENEFIT KANSAS

BY ROY WENZL The Wichita Eagle

t may not surprise you that Liz and Charles Koch have laid aside a little money.

Money is sometimes problematic to those who have a lot of it. For one thing, it prompted the Kochs to fiercely guard their privacy.

He runs the second-largest privately held company in the world.

She is president of the Fred C. and Mary R. Koch Foundation.

They almost never talk publicly about anything. But Liz Koch recently volunteered for an interview about the foundation's work.

The Kochs are known among friends as private people who happen to be billionaires, a word they dislike in that it's the word the media use most to describe them. They don't think it's the only word that defines them.

They avoid talking about themselves, their company, the extended family's involvement in politics, or Koch Industries' past appearances in headlines.

But one consequence of never talking, Liz Koch said, is that no one but family and a few insiders know the statewide impact of the Fred C. and Mary R. Koch Foundation, which has given millions of dollars to help education, the poor, at-risk youth, the arts and environmental causes.

The foundation operates in a unique way, using some of the business ideas her husband applied to Koch Industries. It exists and operates as it does, she said, because of a deep family devotion to home and state that started with Charles Koch's parents.

Just before Christmas, for the first time in years — while cracking wry jokes about her husband and herself — Liz Koch lifted the lid a bit for a brief peek at her, her husband, and some of their works.

One consequence of being Liz Koch is that you muzzle yourself to protect those you love; so while friends say she has a quick wit, she showed up to talk looking a little guarded.

But when she sat down, she pointed to a book on the table, "The Science of Success," a book highly regarded in some business leadership circles, written by her husband.

"I haven't actually read it," she said with a grin. "Or at least not all of it. When you live with it, you soak



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Liz Koch is married to Charles Koch and is president of the Fred C. and Mary R. Koch Foundation.

up all those ideas by osmosis."

And then, when asked how old she is — to the dismay of company officials sitting with her — she laughed.

"I'm 65!" she said. "And I don't give a damn!"

The amount of money spent and the causes chosen by the foundation might surprise people, she said.

Since its founding in 1953, the foundation has given out \$27 million in grants and scholarships. In the past 10 years, it has given \$13.5 million to education, arts and arts education, environmental stewardship, and human services/at-risk youth causes.

The foundation, like the company, doesn't just give money away, she said. It tries to invest in projects that she hopes will grow.

It's not just giving away loaves and fishes, she said; it's investing in people and in projects that will teach people to catch their own fish.

The Wichita Eagle

Included in the big gifts the foundation has given recently are environmental causes: \$1 million to the Tallgrass Prairie National Preserve, and \$500,000 to the Cheyenne Bottoms wetlands.

Ten years ago, the Kochs were reading unflattering headlines about Koch Industries and the environment.

The subject was Koch Industries' pollution-related problems in Texas, and the result was \$10 million in fines for mistakes made at its Corpus Christi refinery. The company later paid \$35 million in fines for pipeline releases, the largest federal fine for environmental problems in history at that time.

Charles Koch said in an Eagle interview in 2007 that mistakes his company made, not just in Texas but with other matters, brought about some of the changes he insisted on and described in his 2007 book — for one thing, a more relentless insistence on compliance with the spirit and letter of all laws and regulations.

People make mistakes, he said, including him.

"I screw up all the time," he said. "Are you kidding me?" His expectation is that everybody, including himself, learn from mistakes.

One charity getting foundation help for years is the Salvation Army, run in Wichita by Maj. Doug Rowland.

Over the past few decades, he said, nobody has supported the Salvation Army in Wichita more than the Fred C. and Mary R. Koch Foundation.

The Salvation Army took care of 17,000 people this past Christmas alone, with food baskets and toys for kids.

"Beyond that we help people every day of the year with food, utilities, rent, housing; we provide 42 beds for juveniles," Rowland said.

"We would not be nearly what we are in Wichita in terms of helping people if it were not for the Kochs. Cargill does a lot, too, but over many years it's Koch who helped the most."

Foundation officials don't just give money, he said. As they discussed new programs, they asked Salvation Army officials questions that sound much like the ones Charles Koch poses in his book on successful management.

"They question us extensively about what we want to do, what the money will be used for, how it will benefit the community," Rowland said.

"And there are times they turn us down when we ask for help with a new program. Not because they don't care but because they tell us frankly that they aren't sure that plan is the best plan that might help people.

"They bring a real business sense to how they help us."
Alan Pollom tells a similar story, and his story concerns
how the foundation has given a lot of money to the land.

Pollom is the Kansas director of the Nature Conservancy, a private group dedicated to preserving land. He knew in general about Koch Industries' refinery troubles, but he also knew that the family gave to land preservation long before those court cases.

Right now, he said, one of Kansas' signature birds, the prairie chicken, is stressed as a species. If populations keep

declining, the bird that used to cloud the skies with its flocks might be endangered.

But because of a million dollars in foundation money to the Tallgrass Prairie National Preserve in Chase County in 2006, prairie chickens and other species have an 11,000-acre haven to thrive in.

The foundation gave the money to help the Nature Conservancy complete its acquisition of the land. At the time, foundation officials said, the gift was one of the largest private donations for conservation in Kansas history.

Pollom said the foundation is passionate about environmental activism.

"I know about the past (refinery) troubles," Pollom said.
"When you hear about a company getting into a situation like that, there's always the chance that you might see them try to do what's called 'greenwashing,' where they buy cover by throwing money at environmental groups.

"But that's not what they did here. In their dealings with us, they asked a lot of questions, wanted to know in some detail how this would help land preservation, how it would help wildlife.

"They operate in a results-oriented manner. Anybody who deals with them finds out that they are nice — but if you don't have your act together, you're wasting your time talking to them. They don't just throw money at things."

Over the years, most of that \$27 million has gone primarily to Kansans, and stayed primarily in Kansas, Liz Koch said. That was by design.

She and her husband are native Wichitans; investing here, keeping Koch Industries here, keeping the foundation money mostly here is good for the state they love.

"We need to have good people stay in Kansas," she said. "Kansans are absolutely good people, and the fact is, that's not true of every state."

She oversees the foundation with Susan Addington, its grants manager, who helps with much of the research and work. People like Pollom, when they ask for grants, often talk to Addington, who says she operates with some of the same market- and incentive-based ideas used throughout Koch Industries.

The foundation gets about 500 requests a year.

"I say no to people more than I say yes," Addington said.
"But I think that turns to good for many of the people involved because we say no for specific reasons; we want to invest in things that grow.

"So when they begin to understand our philosophy, it resonates with them, and sometimes they come back and do better next time. They move in their thinking to ideas that might work better."

Liz Koch said she doesn't like to say no, but what does not work with her is "to have somebody come in and slap a program down in front of me that hasn't been entirely thought through, and expect me to fix it."

She helps decide about what to give, she said, often without her husband's involvement. But sometimes she asks

his opinion.

"After all, he's pretty smart," she said. "Usually, he's very complimentary."

But sometimes not; he will hear her out, then grin and turn that formidable intellect on the question at hand: "Is this effort sustainable? Will it do what it says, and will it grow? And if it grows, how would you measure that growth?"

"And of course with him, when he says 'measure,' he means specific numbers," Liz Koch said.

Sometimes, not often, they've been disappointed by a well-intentioned idea that didn't work. Or they've invested in a good idea that drifted off and had to be fixed.

Her biggest regret about the foundation, Liz Koch said, is that with all the millions it has invested, "it is still, considering all the needs out there, still just a drop in the bucket. I wish we could do more."

She had not originally wanted, when she married into the Koch family, to become the person helping make all these decisions about millions of dollars, Liz Koch said.

In the early years after her marriage in December 1972, she focused on raising two children.

"Motherhood is a full-time job," she said. "I don't know how working mothers manage to do a job and be a mother; I honestly don't know how they do it."

But in the 1970s, as Charles Koch's mother, Mary, aged, she asked Liz Koch to help her a bit in running the foundation.

To this day, Liz Koch said, Mary Koch remains one of the dominant souls in her memory: Mary Koch was a brilliant, passionate, artistic woman who could outshoot and outplay any man in any sport; an artist who did wonderful works of art in silversmithing.

"Mary tried to teach me to shoot, and I almost killed her," Liz Koch said. "She tried to teach me silversmithing and had to finish all my pieces."

Over the years Mary Koch turned the foundation over to Liz Koch.

When she first married into the family, Liz Koch said, she tried too hard to impress them all; but then she loosened up, "became a free spirit."

She eventually worked out a mature marriage with her husband that includes not only love but friendship, coupled with a love of Kansas equal to his — and a little needling sometimes, about overworking himself, overfocusing in one direction too much. She says he will sometimes come back at her for this.

"Don't pick on me!" he'll say. "I do what I do because I love what I do!"

With the foundation, Liz Koch says, she loves what she does, too.

Now you know

THE FRED C. AND MARY R. KOCH FOUNDATION

Founded: 1953. Established to foster arts and arts education, environmental stewardship, human services, enablement of at-risk youth, and education.

Money awarded: More than \$27 million in grants and scholarships; of this, nearly \$705,000 has been given to Koch Cultural Trust (formerly Kansas Cultural Trust) to be used for grants and general operating expenses; and \$2.6 million has been given out through the Koch Scholarship Awards Program. Foundation grants are awarded primarily to Kansas not-for-profit organizations. The foundation has focused its giving in the following areas:

2000-09:

Education: \$8.3 million
Arts/Arts education: \$2 million

Environmental stewardship: \$1.6 million Human services/at risk youth: \$1.6 million

Projects

- As of December 2009, the foundation has given more than \$2.8 million to environmental projects in Kansas
- A \$500,000 grant helped create the Koch Wetlands Exhibit at Cheyenne Bottoms near Great Bend.
- One of the foundation's signature projects is the Tallgrass Prairie National Preserve in the Flint Hills of Kansas, with foundation gifts totaling more than \$1.1 million.
- A \$300,000 gift helped make possible the Koch Habitat Hall at Wichita's Great Plains Nature Center that opened in 2000.
- In 2007, the foundation brought the National Symphony Orchestra to Kansas for its first-ever Kansas Residency. It included concerts in five cities throughout the state and more than 100 events scheduled in schools, libraries and retirement centers.
- Grants from the foundation help sponsor the annual Symphony in the Flint Hills featuring the Kansas City Symphony.
- The foundation provides funding to colleges and universities throughout the state including the

Now you know

THE FRED C. AND MARY R. KOCH FOUNDATION (cont.)

University of Kansas, Kansas State University, Wichita State University, Fort Hays State University, Emporia State University, Newman University and Friends University.

- In 2008, together with Koch Industries, Inc., the foundation donated \$400,000 to K-State's office of diversity to increase enrollment of multicultural students and help them succeed in college.
- From its inception in 1970 through 2009, the Koch Scholarship Awards Program sponsored by the foundation has awarded more than \$2.6 million in scholarships to qualified undergraduate students who are dependents of full-time employees of Koch companies.
- Recent gifts from the foundation have helped fund Kansas programs of the Gilder Lehrman Institute of American History including teacher seminars, Saturday Academies for middle and high school students, and free public forums featuring noted scholars. Gilder Lehrman promotes the study and love of American history through seminars, publications, traveling exhibits and its collection of more than 60,000 original documents that detail the political and social history of the U.S.
- Grants from the foundation have made possible a five-year pilot program of the Bill of Rights Institute in Kansas that includes seminars for teachers, students and free public forums featuring noted scholars. The mission of the institute is to educate young people through classroom materials and programs that teach the words and ideas of America's founders, the liberties and freedoms guaranteed in our founding documents, and how our founding principles affect and shape a free society.
- Funded by the Fred C. and Mary R. Koch Foundation, Koch Cultural Trust provides support for artists at varying stages of their careers. KCT has awarded grants to outstanding Kansas artists including singers, painters, sculptors, dancers and musicians.
- The foundation provides funding for a variety of human services programs including the Salvation Army, Catholic Charities Harbor House and Anthony Family Shelter, Kansas Food Bank, Wichita Children's Home, Big Brothers Big Sisters, Rainbows United, YMCA Job Prep Program and YMCA Camp Wood, and Goodwill Industries.



www.fmkfoundation.org

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