Early Journey

By John T. Berteau


“If you’ve seen one foundation, you’ve seen one foundation.”

Ted Adair asks Dorothy Patterson to consider setting up a charitable trust.

The small foundation based in Dorothy Patterson’s breakfast nook manifested into the foundation that we know today.
EARLY JOURNEY

"If you've seen one foundation, you've seen one foundation." That is a common enough expression among people in philanthropy, but it does not account for the truly remarkable ones that exist. The Patterson Foundation is one of those extraordinary foundations.

From its inception, the Patterson Foundation grew differently and developed different values. The documents which created the Patterson Foundation were unusual. Those documents provide that the foundation may engage in any activity permitted by the charitable rules and regulations. In short, the Patterson Foundation has no restrictions other than those set by law.

This is a recounting of the early years of the Patterson Foundation. It's not, strictly speaking, a formal history. In the Patterson Foundation's case, growth was determined by a number of individuals. It is these individuals who provide the account itself and add color to the otherwise dry chronological events. The following vignettes of these individuals detail the growth of the foundation and their personalities and values, which were gradually inculcated into the foundation.

Ted Adair is a major reason that the Patterson Foundation exists. He attended West Point, where he met Jim Patterson, who was a class ahead of him. They hit it off and remained close friends during their lifetimes. Jim went on to be the editor of New York Daily News.

Ted joined E.F. Hutton, a national stock brokerage firm, and rose to be a senior vice president.

After their respective retirements, the Pattersons and the Adairs moved to Sarasota and bought homes in Country Club Shores, a subdivision on Longboat Key. They remained friends until Jim Patterson's death, when Ted stepped up and provided a great deal of support and caring for Dorothy Patterson.

Ted was a client of the Williams Parker law firm. The attorneys in New York handling Jim Patterson's estate were proceeding with all the paperwork and details. However, Dorothy Patterson did not feel that she was being consulted sufficiently. In due course, she complained to Ted that she was not hearing from the New York lawyers about Jim's estate.

Ted asked me if I would call on Dorothy's behalf to explain Mrs. Patterson's concerns. Mrs. Patterson was not a lady to be taken lightly and certainly was not to be patronized by New York lawyers or anyone else.

After the New York lawyers learned the sole beneficiary of one of the largest estates they were handling was unhappy with how she was being treated, they realized that they had some fence-mending to do and did it quickly. A few days later, Mrs. Patterson was happy. The New York lawyers were back on track, and Ted and Dorothy were pleased with the Williams Parker law firm's work. Jim Patterson's estate was eventually settled with no further glitches.
Subsequently, Dorothy became a client to Williams Parker law firm. Several years later, Ted suggested to Dorothy that given the size of her estate and the fact that she and Jim had had no children, it might be desirable to consider setting up a charitable trust.

Dorothy, who had always been charitably inclined, was pleased with this suggestion and eventually established the trust. Thanks to Ted’s idea, this provided Dorothy with an outlet for the many philanthropic requests she received.

Dorothy had a large cardboard box which she would keep in the breakfast nook at her home in Country Club Shores. As she received requests, she would place them in the box. Every several months, Ted, Dorothy, and I would sit in the nook and go through the submissions. We would go through this “to be considered” stack and gradually sort them out. Some she would approve immediately. Some she would disapprove immediately. The rest would be put in the “to be considered further” stack.

It was a special time to sit with Ted and Dorothy, understanding their thoughts, comments, and feelings concerning charitable gifts. At its inception, Dorothy’s charitable foundation was funded with approximately $5 million. Little did we know that it would grow into The Patterson Foundation, with the value in excess of a quarter of a billion dollars.

One day, I received a call from Ted. He asked if we could get together for lunch on Longboat Key. When the time came, I was slightly surprised that his wife Betty was there. We began with the usual pleasantries. I asked about the progress of their son, who had recently become an Army Brigadier General, a great source of pride for Ted and Betty. As we walked together, enjoying the beautiful spring afternoon, Ted stopped in the shade of an oak tree and said, “John, Betty and I have something to tell you.” I could tell by the tone of his voice that it was important. It was.

Ted told me that he had been diagnosed with a terminal disease and that his death would likely occur sometime within the year. I was shocked and heartbroken. We stood there talking about the details of his diagnosis and expected treatment, Dorothy, and how The Patterson Foundation would fare.

The conversation started out on a fairly organized “let’s deal with the problem” level, but gradually, as we talked more and the shock and heartbreak began to settle in, Betty began to cry. And then, well, guys are not supposed to cry, but Ted and I were crying in the parking lot. Eventually, we shook hands, then hugged, reluctant to part, yet knowing that we had to.

Ted and Betty sold their house on Longboat Key and moved up to the Washington D.C. area to be with their son. The time came when their son called to let me know that Ted had passed away. Betty was doing well, so were the children. With Ted gone, this closed a very significant chapter for The Patterson Foundation.
Dorothy Patterson
Founder of The Patterson Foundation

Dorothy Patterson was a strong, gracious lady. She grew up in the small town of Ossining, New York, near Sing Sing prison. Her father served there for many years as a prison guard. She married Jim Patterson, the scion of the Pattersons who had a substantial interest in the Chicago Tribune Corporation. Jim worked in New York as the editor of the New York Daily News. Though childless, they enjoyed an extended marriage and an active social life in the New York society scene. When Jim died, he left the bulk of his estate to Dorothy.

While she could be strong-willed at times, she was always gracious. Whenever I would visit her, she would welcome me with genuine enthusiasm and great hospitality. I could be sure that before we started our business conversations, she would inquire after my health, whether I was getting enough vacation time, how life was treating me, and other personal and human touches. While she expressed concern for others, she did not complain about her own health.

Dorothy suffered from severe rheumatoid arthritis that disfigured her hands and caused her considerable pain. Still, she kept quiet about the pain and difficulty of using her hands to do simple things.

One day, Dorothy fell and hurt herself. Her doctor suggested that she stay in a nursing care facility until she was better. That lasted one day. She called me and insisted that I get her out of there! I knew from experience that the nursing facility would be reluctant to discharge her, both from a liability standpoint and also from a financial standpoint. Having a cash-paying customer with no financial concerns was not the kind of resident they wanted to see leave.

A visit to the front desk of the nursing facility proved unsatisfactory. However, a thoughtful conversation with the administrator gradually knocked down all the supposed roadblocks to her leaving, and she was back in her own bed that night.

We frequently chuckled over me ‘springing’ her, her words, from the nursing home. From that time on, Dorothy had nursing staff in her home 24 hours a day. Her good friend Ted Adair and I would visit periodically to work on business matters and just pay her social visits to ensure everything was going well.

One day, the chief nurse said, "I'd like to talk to you. Can we walk outside?" She told me that she was concerned about Dorothy's mental health and what she saw as Dorothy's declining physical health. This shocked and disturbed me. She said she had seen this before and that Dorothy had been doing troubling things like placing car keys in the refrigerator. It took me a while to assimilate all the details, and it wasn't good. However, further discussion with her doctor allayed many concerns, and Dorothy remained in her house for several years after that. As her health continued to decline gradually, she died of natural causes at age 85 in 2007.
Debra Jacobs is the heart and the mind of The Patterson Foundation. I first met her many years ago when she was volunteering at a Hospice Foundation workshop. I was impressed by her energy, dedication to the Hospice mission, and her expertise in charitable foundation management.

Several years after Dorothy Patterson created The Patterson Foundation, Debra and I ran into each other at a bank reception. I clearly remember saying to Debra, "Someday, you and I will have a very interesting conversation." I knew I had piqued her interest, but I wouldn't give her any hints. I knew that eventually, we would have a conversation about her and The Patterson Foundation in some way.

Years later, when Dorothy Patterson passed away, and we knew that The Patterson Foundation would grow from its relatively modest $5 million to a multi-million dollar foundation, I picked up the phone and called Debra. "Do you remember when we were at a bank reception, and I told you that you and I would have an interesting conversation?"

"Yes," she said. "I remember it well."

"Well, Debra, it's time."

I began to share the details about what would happen as The Patterson Foundation morphed into a very large, fully funded, private foundation. Ever Debra, she immediately began to get everything organized, including me. "We should travel to various foundations around the southeast, meet with foundation people, discuss how they run their foundations, and learn how each conducts its business." It wasn't long after that she began to schedule trips to various foundations.

Debra Jacobs is nothing if not a very early riser. We would leave when the stars were still out. The first trip was eye opening. The foundation was approximately the size of The Patterson Foundation but conducted its business very differently—much like a charitable ATM. Candidates would put in their application for a grant, and most of the time would get approved.

Debra looked at their 990, the tax return filed by a foundation, and saw that they had authorized hundreds of grants in one year, each of relatively modest amounts.

I spoke with the manager and asked him about his investments. His response was surprising. "Oh, I have people who take care of those things. I don't really pay much attention to it." When pressed, he said, "Maybe I spend 10-15 minutes a month on it."

The sequel to the conversation didn't turn out well. The foundation had made a large ongoing commitment to a charity in town for a major project involving building a large art gallery, acquiring expensive artwork, and hiring staff to run it. Ordinarily, the foundation would have had the assets to carry forward this ambitious and worthwhile project. Unfortunately, the people managing the foundation's money
had found a money manager in New York, a person with a great deal of experience. His name was Bernie Madoff, creator of an infamous Ponzi scheme that defrauded countless investors.

The foundation lost over half of its investments. They were in dire straits in trying to find a solution to manage their commitment to the charity. Somehow they squeaked by, principally through the goodwill of everyone involved. It was an object lesson on how not to manage foundation finances.

We continued to visit other foundations around the southeast—some larger, some smaller—and learned from each foundation a vital aspect of foundation management.

The Duke Endowment was especially helpful. They took us under their wing and provided us with staff members who would answer our many questions. It was a wonderful example of how a foundation could operate.

As we traveled around the country, we naturally spent a lot of time in airports waiting for our next connection and eating airport offerings. While the food wasn’t my favorite, the conversation was excellent.

Debra and I would review our meetings, what we learned, things to do, things not to do. Gradually, a new philosophy of how a foundation could be run began to develop.

As we built our concepts and vision of a new type of foundation, it became apparent to me and perhaps to Debra that we should work together.

There was one problem. Debra was the manager of The Selby Foundation, and many of my friends were on the board. In fact, the chairman of the Selby board was Dan Bailey, who had been my friend and partner in the law practice for many years.

How would I approach Dan with the request to steal her away?

Those people who know Dan know that he is nothing if not the perfect Southern gentleman. I talked to him about what we’d done and were doing and asked him if I could please hire Debra. His response was typical Dan Baily, immediate and gracious. “Debra would be perfect for that. I wish you all the best.”

Born from the old Patterson Foundation, this version had developed a new philosophy. We were going to do fewer gifts, but larger gifts, and we were going to partner with our charitable recipients to a much greater extent by providing value beyond the check. From that day forward, the small foundation based in Dorothy Patterson’s breakfast nook became the foundation that we know today.
EARLY JOURNEY

Dan Bailey
Governing Board Vice-Chairman

Dan Bailey may be one of the best-known and most liked people in Sarasota. He’s been a resident for decades, is a pillar of the community, and has served on innumerable civic and charitable organizations with distinction.

Dan brings a wealth of knowledge of the community and great respect to The Patterson Foundation. Since its inception, leadership has drawn upon his considerable experience and acumen to help shape the foundation into what it is today. With his broad knowledge of the community acquired over many years and by virtue of being active in so many organizations.

Dan has insight into the community as few people do. He can bring this insight to bear on charitable and managerial decisions to help The Patterson Foundation as it continues to be its best.

Ric Gregoria
Governing Board Chairman

Ric Gregoria is an attorney. He is also a CPA, and he serves as the president of the Williams Parker law firm. He brings a rare package of legal insight, financial insight, and managerial insight to The Patterson Foundation.

While Ric is a practicing lawyer, the Williams Parker law firm does not represent The Patterson Foundation. While Ric is also a CPA, The Patterson Foundation’s accounting and tax work is done by an outside CPA firm. As for managerial skills, Ric is greatly relied upon in his capacity as chairman of the board. He has a deep and abiding commitment to the charitable foundation’s activities, freely donating his time to make the foundation’s efforts effective in bringing assistance to people of all ages and in all walks of life. This is an especially valuable gift because his full-time practice, managing a law firm of 50 or so lawyers, could easily fill all his available time. Meeting the demand of his successful career and serving as the leader of The Patterson Foundation is a remarkable undertaking and one in which he has shown great success. It is the hope of all who know him that he will continue in his efforts to make The Patterson Foundation even more of an outstanding success and a paragon among charitable organizations.

The Patterson Foundation

When Dorothy Patterson set up The Patterson Foundation with approximately $5 million, the management and investment of those funds were divided equally between Northern Trust and NCNB. It was made clear to both of these organizations that it was not a race to see who could produce the best investments but rather to set aside the funds for their management so that Dorothy could see which she liked better. As several years passed and Dorothy became older, NCNB came to Ted Adair and me and said they felt they should transfer their share of the funds to Northern Trust. While they had enjoyed working with Dorothy and us, their role as her investment manager in
charitable trusts was becoming more awkward with Dorothy’s aging. So the funds were easily transferred to Northern Trust. One of the problems facing an investment manager was the concentration of Tribune stock. It is a truism among money managers that you should avoid heavy concentrations in one particular stock, yet we were faced with a heavy concentration of Tribune stock. Naturally, the investment managers wanted to diversify, but Dorothy Patterson was adamant that no one was to sell any of the Tribune stock. In due course, on her death in 2007, significant changes could occur. First, the condition not to sell the stock by Dorothy was gone so substantial liquidation of the Tribune stock was desirable. After some liquidation of the stock, good fortune stepped in. There was a buyer for all of the Tribune stock. The Patterson Foundation transitioned from being a relatively small $5 million charitable foundation and rapidly changed to a fully-funded private foundation having a value of approximately $200 million.

After this came very active immersive learning and the development of tenets that would guide The Patterson Foundation in the future.

The foundation would make its emphasis on meeting the needs of people. It would help in areas of disaster relief, education, community betterment, and advancing the philosophy and profession of philanthropy.

The foundation would advance its efforts by making fewer large grants rather than many small grants. It would do so through interpersonal coordination of ongoing Patterson Foundation personnel providing the benefit of charity with the contributions of The Patterson Foundation personnel, and providing The Patterson Foundation with real-time feedback on the charitable efforts and results.

The foundation would provide active integration with other charitable leaders of foundations and also provide beginning charitable students with opportunity to learn professionalism in order to master the philanthropic profession.

The Patterson Foundation has experienced success in its many charitable efforts. Some of the charitable organizations have grown and no longer need the foundation’s assistance, but still there is the pleasure of having partnered with them. Each of the organizations have grown through the joint efforts. Some are long-term ongoing success stories that continue to be a blessing to all with whom they interact. Some are new partnerships with the excitement of new and promising ventures. All of these organizations bring joy to those working at The Patterson Foundation, who take great pleasure in seeing their success. The joy and satisfaction of a good job well done make these joint partnership endeavors successful.