



## ***Naming Gifts***

### **Naming Gifts Policy**

*Approved by and date:*

*Board of Trustees* 04/13/2020

*Executive Leadership Team* 03/06/2020

### **Policy:**

Recognizing the importance of individual, community, and corporate involvement in education, the Kilgore College Board of Trustees encourages gifts to support the construction, renovation, or acquisition of College property or other non-tangible items to further the College's mission.

### **Procedures:**

*Approved by and date:*

*Executive Leadership Team* 03/06/2020

Kilgore College ("KC") provides naming opportunities for facilities, programs, departments, positions, and student services units for gifts from donors referred to as a "naming gift." Before proceeding with any naming, Kilgore College carefully considers all circumstances surrounding the naming, including the overall benefit to Kilgore College and whether displaying the name is and will continue to be a positive reflection on Kilgore College and does not conflict with the College's mission.

No naming shall be permitted for any individual or corporation whose public image, products, or services may conflict with and the College's mission. All naming and signage must be approved by the KC Board of Trustees.

### Purpose

The purpose of these procedures and appendices is to achieve clarity among all interested parties in the process of recommending and approving naming gifts.

### Naming Opportunities

The following are generally available for naming opportunities:

- a. College owned property and facilities, including but not limited to: buildings; building wings; major components of buildings; large auditoriums; concert halls; significant performing spaces; libraries; atriums; classrooms; laboratories; exhibition spaces; small performance spaces; library rooms or spaces; administrative rooms or spaces; non-academic rooms or spaces; conference rooms; career placement rooms or spaces; small athletic rooms, spaces or facilities; and prominent outdoor spaces.
- b. Instructional units, centers of excellence, programs, departments, positions, initiatives, and student services units.

The following are generally not available for naming opportunities:

- a. The name of the college or its campuses.

### Gift Utilization

The proceeds from a Naming Gift may be utilized for any or all of the following purposes, as negotiated, and in honoring gift intent:

- a. Non-restricted operations and maintenance of facilities expenses.
- b. Build-out, furnishing, equipment, expansion, or construction of facilities.
- c. Support for instructional or student development unit operating expenses.
- d. Endowment of instructional or student development unit leadership positions.
- e. Endowment for restricted purposes such as, department or instructional chair, operations, facilities maintenance, or program support.
- f. Other purposes as approved by the KC Board of Trustees.

### Gift Agreement

In order to facilitate the final approval of the proposed naming by the KC Board of Trustees, each naming gift will be documented by a Naming Gift Agreement (“NGA”). The NGA will be prepared by KC and/or its attorney and will clearly outline all of the specific terms of the gift and will be presented to the KC Board of Trustees for final approval. The NGA is a binding contractual agreement.

### Donor Due Diligence

The executive director of the KC Foundation (“KCF”), in collaboration with KC administration, is responsible for conducting reasonable due diligence on the background of individuals and organizations, who are potential donors. This due diligence shall include any criminal, moral or ethical issues in the public domain worthy of consideration in the naming process.

Prior to any submission for approval to the KC Board of Trustees, all NGAs will be reviewed by the KC/KCF attorney.

### Management Fee

The NGA will generally require that 2% be taken out of the total gift as unrestricted funds to be used as a management fee for the KC Foundation. This is a one-time fee to support the KC Foundation and help pay for its management of the gift.

### Donor Gift Terms

- a. Payment of the gift shall be determined and documented in the NGA.
- b. The gift will be in cash or in a monetizable form.
- c. The KC chief financial officer and KC Foundation executive director, at their discretion, may allow a gift payment by installments.
- d. The KC Foundation Board of Directors and the KC Foundation executive director shall manage all documentation and details related to the gift.

### Duration of Naming

The duration term of the naming will be clearly outlined in the NGA.

### Survivability of Naming

In the event of the need for demolition or renovation of a facility that is named, whether intentional, through accident, or act of nature, or if the useful life has been exceeded, existing names that are currently under a NGA will not automatically be transferred to a new or renovated facility. In such cases, the College reserves the right to name a new or renovated facility by:

- a. Transferring the existing name to the new or renovated facility (usually a prominent or historically significant name that the College wishes to continue to honor). It may be appropriate to name part of the new or renovated building for the previous donor or to include a plaque to commemorate the honorific historical name of the building.
- b. Asking the donor under any current NGA to make a new naming gift. If the donor declines, the College may offer the naming to a new donor. It may be appropriate to name part of the new building for the previous donor or to include a plaque to indicate that the new facility occupies the site of a building previously known by another name.
- c. Priority is given to a naming supported by an endowment, for an alternative recognition.

### Changes of Naming

In matters of business entity names, the KC Board of Trustees will work with the entity to ensure that any change to the business entity's name is considered by the College. Similarly, for individual or personal name changes, the College will work with the individual to appropriately address changes in name in a manner that is acceptable to the donor and the College.

The donor will assume all reasonable costs for a name change, including but not limited to signage, web content updating, stationary, plaques, or other materials.

### Removal of Naming

In unusual or unforeseen circumstances, the KC Board of Trustees reserves the right to rescind a previously approved naming right and NGA. Examples of such situations include, but are not limited to:

- a. The donor does not fulfill a commitment upon which the naming was approved.

- b. Continuation of the name may conflict with KC's mission or compromise the public trust or reputation of the College.
- c. Honorific naming may be removed at the KC Board of Trustees' discretion at any time and for any reason.

### Timing of Naming

For binding, irrevocable gifts, a name will go into effect upon full payment of the gift. A name may go into effect before the gift is paid in full, at the discretion of the KC Board of Trustees and based upon the terms of the NGA.

For non-binding, revocable gifts, a name will not go into effect until it is received.

### Minimum Monetary Value ("MMV") for a Naming Gift

1. The MMV for a naming gift of a facility will be calculated as a fixed percentage of the cost basis or current value or replacement reasonably allocated to a facility under current market standards and as applied by the NGA. See Appendix A, Table 1.
2. The MMV for the naming rights of an instructional unit, student services unit, or leadership positions will be calculated as a fixed percentage of the most recent expense total ("ET") of the Unit. If the scale of unit operations is anticipated to change materially, then a proposed expense budget ("PEB") will be used. See Appendix A, Table 2.

### Gift Solicitation Guidelines

Naming gifts require explicit coordination between KC personnel and the KC Foundation. Solicitation guidelines for naming gifts are outlined to support KC and KC Foundation staff when presented with a naming opportunity. See Appendix B.

### Gift Approval Process

The gift approval procedure, process, and requirements are documented in Appendix C.

### Gift Public Recognition

Public recognition of a naming gift is an essential component to honor a donor. College requirements for this recognition are documented in Appendix D.

### Reservations of Rights

- a. Without consideration to an existing NGA, the KC Board of Trustees reserves the right to adjust the use or functions of all College facilities to meet program needs.
- b. The KC Board of Trustees reserves all rights and is the sole final authority for the determination of whether or not a naming is suitable and/or agreeable.

## Appendix A Gifts MMV Charts

Naming a building, wing, room, or lecture hall can be difficult depending on the size, age, prestige, location, original cost, etc. However, some general principles are:

- a. Older existing facilities (more than ten years old) funded with public money should be named only in exchange for gift commitments of a least 20% of the building's current value or replacement cost. Total costs include architectural, planning, and construction; fees; site clearance and landscaping; furnishing; and equipment.
- b. Newer existing facilities (less than ten years old) funded with public money should be named only in exchange for gift commitments of at least 25% of the building's current value or replacement cost. Total costs include architectural, planning, and construction; fees; site clearance and landscaping; furnishing; and equipment.
- c. Unscheduled or unplanned facilities that a donor wishes to have constructed will require a 100% gift commitment, plus an endowed maintenance fund. The amount of the endowment to support maintenance is calculated as corpus of the endowment times 4%. Example: A building needing \$120,000 in annual maintenance expense would require an endowment of \$3 million.

<b>Table 1: Facilities Naming</b> <b>Buildings, Wings/Floors, Student Centers, Classrooms,</b> <b>Sports Complexes, or Auditoriums,</b> <b>Specialty Facilities (such as Laboratories, Maker Spaces, etc.),</b> <b>Other Asset subdivisions as appropriate.</b>	
<i>Note: The minimum amount to name any facility or program is \$25,000.</i>	
Term of Agreement	Minimum Monetary Value
20 years or more	20-25% of cost basis
Less than 20 Years	20% of cost basis
Less than 10 Years	15% of cost basis
Less than 5 Years	Unavailable

<b>Table 2: Instructional Units, Programs, Departments, Positions, or</b> <b>Initiatives, Student Services Units</b>	
<i>Note: The minimum amount to name any facility or program is \$25,000.</i>	
Term of Agreement	Minimum Monetary Value
20 years or more	20-25% of ET or PEB if materially higher x 20
Less than 20 Years	20% of ET or PEB if materially higher x Contract Term
Less than 15 years	15% of ET or PEB if materially higher x Contract Term
Less than 10 Years	10% of ET or PEB if materially higher x Contract Term
Less than 5 Years	Unavailable

## **Appendix A.1**

### **Determining Current Value or Operational Expenses**

General principle for physical space or facility valuation:

- a. Physical space or facility formula (a): Square foot x \$300 cost per foot of finished space x 50% at a minimum.
- b. The cost of construction should be reviewed annually to determine the market cost per finished square foot in formula (a).
- c. Endowment for maintenance and upkeep is determined by the KC administration and follows the general rule that 4% of the endowment should generate sufficient funds to maintain the facility.
- d. The minimum amount to name any facility is \$25,000.

General principle for program valuation:

- a. For programs, departments, positions, the total cost of operating budget x 50% x number of years naming is desired.
- b. For an endowed instructor, leadership positions, or chair, the total cost of the salary, including benefits x 50% x number of naming years.
- c. The minimum amount to name any program/department/position is \$25,000.

## **Appendix B**

### **Solicitation Guidelines**

Solicitation coordination guidelines are outlined to support Kilgore College and the Kilgore College Foundation personnel when presented with a naming opportunity:

- a. All naming proposals will be held in confidence during the review and approval process.
- b. If the donor is an existing or anticipated KC vendor, then KC procurement services, and the KC/KCF attorney must be consulted.
- c. If a donor, either in response to a formal solicitation or of his or her own volition, indicates to KC staff or KC Foundation staff interest in making a naming gift, this information must be brought to the attention of the College president and the KC Foundation executive director. They will make a determination to pursue and, if pursued, activity coordination.
- d. The KC Foundation performs prospective donor due diligence in collaboration with KC personnel to include financial capacity, interest, and reputation. In addition, the potential donor needs to be vetted by KC procurement services department to assure that there is no conflict of interest concerns.
- e. The College president and the KC Foundation executive director develop a solicitation strategy that will be customized to each prospective donor.
- f. The KC Foundation development officer, in collaboration with the KC president, determines the exact nature of the gift intention and discusses the application of the gift policy with the donor to identify naming opportunities of interest.
- g. A solicitation team is formed and representatives from KC will be asked to participate in preparing various work products customized to the requirements for each naming.
- h. If the donor expresses a formal intention to move forward and if the donor's candidacy appears feasible, then the naming moves into the approval phase.

## **Appendix C**

### **Approval Process Guidelines**

Approval procedure for all named facilities and programs, departments, or positions should be reviewed and approved by the KC president and the KC Board of Trustees upon recommendation of the KC Foundation Board of Directors.

- a. All proposed names for buildings and other facilities should be held in confidence during the review and approval process subject to existing laws or court orders.
- b. The KC Foundation executive director and the KC president will propose the naming gift idea to the KC Foundation Board for review and discussion.
- c. The College president grants permission to pursue the NGA and, at the president's discretion, briefs the KC Board of Trustees executive committee.
- d. The naming gift solicitation team prepares and negotiates the NGA with all appropriate parties.
- e. After approval from the College president and the donor or donor's organization, for the NGA, the KC Foundation executive director, along with the KC president, presents the NGA to the KC Foundation Board of Directors for approval.
- f. After approval by the KC Foundation Board, the College president will present the NGA to the KC Board of Trustees for approval.
- g. If the donor is an organization or corporation rather than an individual, the donor organization or corporation may have an approval process that will be managed in parallel with KC's process.

## **Appendix D Public Recognition**

Upon approval by the KC Board of Trustees, a formal public announcement of the gift will be made, as approved by the donor.

The donor name is then registered in KC's Institutional Advancement official register of named places maintained by the executive director of the KC Foundation.

The named gift is marketed as such in all publications and future announcements concerning this new designation consistent with the NGA.

For historical purposes, any named facility, space, or department will include a plaque or similar recognition that explains the donor's significance to the College. The KC Foundation and KC marketing department must be consulted for consistency across the College.