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Escalating Price Tags For High-Profile Properties

Let's set the stage for our discussion of naming rights by examining one of the most significant trends in the marketplace: escalating price tags for high-profile properties. This is one of the top three trends I see that is having the greatest impact on the nonprofit sector as mentioned in my presentation to the AFP National Conference of Philanthropy, 2008 in San Diego and part of my PowerPoint presentation available online at the Web site www.supportingadvancement.com.

There are two distinct sectors offering marquee properties: the private sector and the nonprofit sector. They are linked at the hip, so to speak, both by association with naming rights and by the market forces at work today. Supply and demand, the most fundamental of economic theories, appear to be at the center of any discussion of what price tag to place on naming opportunities. As you look around at your own organization and those of your

peers, you'll find that there is a limited supply of high-profile properties available today.

Why is that? Historical choices made in years gone by limit the availability of high-profile properties today, because traditionally, naming rights were granted in perpetuity. If we use a university campus as our example, there is only one school of medicine, one school of business, engineering, law, etc. The supply is limited, and once a naming gift has been received, each one of those named high-profile properties is off the market.

One of the most curious aspects about naming rights and the trends I have seen in the market is that naming activity seems to have peaks and valleys. A key attribute within this trend is the sharp upward spike in the dollar value of the named gifts received.

HIGH-PROFILE NAMING OPPORTUNITIES IN THE NONPROFIT SECTOR

Named Schools of Business

A lot of variables go into the formula for establishing the asking price of high-value properties, such as a school of business. Take a look at Exhibit 1.1, which lists the dollar value and the year of naming gifts to universities during the 1990s.

Of the 80 named business schools in my survey, 37 (46%) were named with a private gift (i.e., the donor asked the institution not to reveal the

EXHIBIT 1.1 Named Business Schools in the 1990s

University of Southern California—Marshall School of Business (1997) Los Angeles, CA	\$35 million
University of Iowa—Tippie College of Business (1999) Iowa City, IA	\$30 million
New York University—Stern School of Business (1988) New York, NY	\$30 million
University of South Carolina—Moore School of Business (1998) Columbia, SC	\$25 million
Indiana University—Kelley School of Business (1997) Bloomington, IN	\$23 million
University of Denver—Daniels College of Business (1999) Denver, CO	\$22 million
University of Oklahoma—Price College of Business (1997) Tulsa, OK	\$18 million
University of Kentucky—Gatton College of Business and Economics (1996) Lexington, KY	\$17 million
University of Maryland—Smith School of Business (1998) College Park, MD	\$15 million
University of Alabama—Culverhouse College of Commerce and Business Administration (1998) Tuscaloosa, AL	\$14.5 million
Georgia State University—Robinson College of Business (1997) Atlanta, GA	\$10 million
Bradley University—Foster College of Business (1994) Peoria, IL	\$7.5 million

Source: Dig In Research 2007 Inc., *National Survey of Naming Opportunities*

dollar amount of the gift). That means we know the dollar amount of the naming gift for 63% of the 80 business schools. Most would agree this is a representative sample from which we can draw conclusions and make fairly accurate predictions.

Exhibit 1.2 lists the business schools named since the year 2000. You will notice a dramatic jump in the dollar values of the named gifts received. It is worth noting the distribution of which schools landed naming gifts, sometimes less than 10 years later than their peer institutions. The upward shifting trends suggest many things, including how the perceived value of a named school has changed so dramatically over the last decade.

EXHIBIT 1.2 Named Business Schools since 2000

Stanford University—Knight Management Center (2006) Palo Alto, CA	\$105 million
University of Michigan—Ross School of Business (2004) Ann Arbor, MI	\$100 million
University of Wisconsin at Madison—School of Business to remain unnamed for 20 years (2007) Madison, WI	\$85 million
Carnegie Mellon University—Tepper School of Business (2004) Pittsburgh, PA	\$55 million
University of Washington, Seattle—Foster School of Business (2007) Seattle, WA	\$50 million
Johns Hopkins University—Carey Business School (2006) Baltimore, OH	\$50 million

University of Texas at Austin—McCombs School of Business (2000) Austin, TX	\$50 million
University of Houston—Bauer College of Business (2000) Houston, TX	\$40 million
University of Tampa—Sykes College of Business (2000) Tampa, FL	\$38 million
University of Colorado—Leeds School of Business (2001) Denver, CO	\$35 million
College of William and Mary—Mason School of Business (2005) Williamsburg, VA	\$30 million
University of California, Irvine—Merage School of Business (2005) Irvine, CA	\$30 million
Northern Arizona University—Franke College of Business (2007) Flagstaff, AZ	\$25 million
University of Hawaii—Shidler College of Business (2006) Honolulu, HI	\$25 million
St. Mary's University—Greehey School of Business (2005) San Antonio, TX.	\$25 million
California State University, Fullerton—Minaylo College of Business and Economics (2008) Fullerton, CA	\$30 million
Ball State University—Miller College of Business (2003) Muncie, IN	\$17 million
University of Washington, Tacoma—Milgard School of Business (2007) Tacoma, WA	\$15 million

(Continued)

EXHIBIT 1.2 (Continued)

Texas A&M University—Mays Business School (2005) College Station, TX	\$15 million
University of Wisconsin, Milwaukee—Lubar School of Business (2006) Milwaukee, WI	\$10 million
Rowan University—Rohrer College of Business (2005) Glassboro, NJ	\$10 million

Source: Dig In Research 2007 Inc., National Survey of Naming Opportunities

Wow! What a difference a decade can make! That's 21 named schools of business since the year 2000. The last six entries would have ranked highly among named gifts just 10 years earlier.

As the years go by, the supply of high-profile properties—in this case, schools of business—has been diminishing, which has helped to drive up the asking amount to name the schools. Except for one university, just one.

**BUSINESS SCHOOL TO GO
UNNAMED FOR 20 YEARS
AFTER \$85 MILLION GIFT**

What's in a name? Interesting question these days, especially in the higher education sector.

On Friday, October 26th, the University of Wisconsin, Madison announced a most unusual gift to its Business School. It seems that a number of alumni had gotten together to make a group gift to the school.

That's not too unusual these days as class gifts and other informal groups have banded together to support a common interest. With this group of UW–Madison supporters, the minimum buy-in was a no-nonsense \$5 million commitment. They call themselves the Wisconsin Naming Partnership. The gift they made to the university was \$85 million.

In today's marketplace \$85 million buys you some latitude with regard to naming rights. That was precisely what the Wisconsin Naming Partnership wanted. Their gift came with one caveat, that the School of Business shall go unnamed for a single donor or entity for the next 20 years. In the big scheme of things, this gift of \$85 million ranks #3 all time in publicly announced gifts to a school of business.

According to my research, over 80 Schools/Colleges of Business have been named across the USA dating back to 1881 when the University of Pennsylvania named the Wharton School of Business for a private gift. Over the years many other universities have also received private gifts to name the business school including MIT, Notre Dame, University of Arkansas and Dartmouth College.

There are a lot of ways we can look at this event. On the one hand we have a committed group of alumni with a passion for their school of business and the financial means to support it. As individuals no one member of the group could have pulled this off, but together they were able to do what many would have said was impossible.

Pooling their resources together to collect \$85 million was a remarkable feat unto itself. Requesting that their business school remain unnamed for the next

twenty years is unprecedented. It's interesting to note that the request was not to leave the school of business unnamed in perpetuity, something the group could have asked for given the dollar amount of their gift.

Twenty years from now the University of Wisconsin—Madison will have a renewable asset coming of age. Perhaps then there will be a naming donor, or fast forward twenty years and see that the tradition established in 2007 is something so unique and revered by the university, alumni, and friends that a second Wisconsin Naming Partnership group is formed to continue what began today. An interesting pivot and turn in the grand scheme of things don't you think?

How many others will follow the lead of the University of Wisconsin—Madison and have unnamed schools for a limited time contract period? How many other donors will shift to the contrarian path and make an unnamed gift to a university, college, hospital, museum or other favorite charity just because they can?

The large anonymous gift is not unheard of. On May 30, 2007, the University of Chicago announced an anonymous \$100-million gift from an alumnus who preferred to avoid the spotlight and not have his (or her) name revealed, nor receive any sort of named recognition. The magnanimous gift was directed towards undergraduate student aid and announced by the university's president, Robert Zimmer, to kick off a \$400 million campaign. The joy comes in the giving.

In Erie, Pennsylvania, a town of 100,000 that has struggled since the closure of the iron and steel plants in the community, Christmas came early on

November 13, 2007. Some 46 charities met that day at the offices of the Erie Community Foundation to hear the news of an anonymous gift of \$100 million. The executive director of the Foundation, Mitch Batchelor, is sworn to secrecy and apparently answered all enquires with only a smile.

Earlier in 2007, Washington and Lee University president Kenneth Ruscio made a surprise announcement during the convocation ceremony on June 7. The liberal arts college had been given a \$100-million gift, one of the largest ever made in to such a school in the United States, by an anonymous donor.

Such generosity is not just a passing fancy or whim by the recent rich. On May 7, 2001, Johns Hopkins University announced an anonymous gift of \$100 million to its Bloomberg School of Public Health. The donor requested that the funds go towards developing new vaccines and drugs for malaria. At the time, this was the largest gift ever for a single purpose.

The Southwestern Medical Center at the University of Texas received a wonderful surprise late in 2003. A \$50 million gift arrived from an anonymous donor for the Dallas-based group in early November to help top a \$300-million fundraising campaign that was underway at the time.

These are just a few of many examples of anonymous gifts made by donors who prefer to go unnamed. At a time when universities are pressing forward with ambitious fundraising campaigns and offering their most precious commodities, naming rights to a school or college in return for a mega gift, this initiative is so unique in nature that it deserves its fifteen minutes of fame.

The University of Wisconsin–Madison’s unnamed gift sent shock waves through the ranks of higher education fundraisers. I spoke with the senior development staff at one of the top 25 universities shortly after the announcement, and it was suggested that the university, the recent recipient of a large named gift, was pausing to think more about its own naming policies. It only takes one stone to send ripples through the pond.

Legacy gifts by individuals and foundations have risen substantially over the past several years. Corporations, too, are stepping up their involvement on campus with naming gifts for athletic facilities, endowments, and other facilities. Corporate dollars have been an integral part of higher education for decades, but they have traditionally been given in the sponsored-programs area, dedicated to research efforts. Corporate America has recently begun to take a closer look at how to leverage the money they give to universities and other nonprofit organizations from a brand-building point of view. With an ever-shrinking pool of pro sports venues that offer high-profile brand name marketing and business development opportunities, corporate eyes have swiveled towards the next tier down in the naming rights marketplace. We can expect to see a surge in new deals with hospitals, performing arts, museums, school boards, community colleges, and especially universities and colleges, in 2008 and beyond.

Adapted from Terry Burton’s article, *Business School to go Unnamed for 20 Years After \$85 Million Gift*, www.supportingadvancement.com, 2007.



How will this event impact the fundraising strategies of major universities? Will the University of Wisconsin–Madison stand alone with their unnamed school of business? Unlike other universities and colleges, which have been seeking out this type of major gift, the University of Wisconsin–Madison has a 20-year limited term on its unnamed property. All others are named in perpetuity.

At the University of Southern California, Los Angeles, 10 of the 17 undergraduate schools have received naming endowment gifts already. Neighboring Stanford University, ranked alongside USC within the top 25 universities nationally, has one named school, the Knight Graduate School of Business, as previously listed.

Schools of business are just one part of the university campus that have been the beneficiaries of naming gifts, endowments designed to not only preserve but also enhance the long-term goals of the institution.

While the deans of business schools have been rejoicing, their colleagues in the other high-profile faculties, including medicine, law, and engineering, have had their own share of champagne celebrations for naming gifts. In comparison to the business schools, there have not been as many schools of medicine named with an endowment gift—but the dollar values of the naming gifts are relatively higher, as shown in Exhibit 1.3.

That scenario is common with universities, colleges, hospitals, arts and culture organizations,

EXHIBIT 1.3 Named Schools of Medicine

University of California, Los Angeles—Geffen School of Medicine (2002) Los Angeles, CA	\$200 million
Johns Hopkins University—Kimmel Cancer Center (2001) Baltimore, MD	\$150 million
University of Southern California—Keck School of Medicine (1998) Los Angeles, CA	\$110 million
McMaster University—DeGroot School of Medicine (2003) Hamilton, ON, Canada	\$105 million
Brown University—Alpert Medical School (2007) Providence, RI	\$100 million
University of Miami—Miller School of Medicine (2004) Miami, FL	\$100 million
Cornell University—Weill Medical College (1998) Ithaca, NY	\$100 million
University of Iowa—Carver School of Medicine (2002) Iowa City, IA	\$90 million
Northwestern University—Feinberg School of Medicine (2002)	\$75 million

Source: Dig In Research 2007 Inc., National Survey of Naming Opportunities

and many other nonprofits. Some people are anxious about corporate sponsorship and all that comes with it.

The top-tier universities have an alumni base that includes a generous collection of individuals with high net worth individuals. For these

institutions, the corporate-named facility, especially a corporate-named school, may be a long time in coming. But for the second-, third-, and fourth-tier universities, the community colleges, the school districts, hospitals, museums and performing arts venues, corporate naming/branding gifts are beginning to take hold—not just in the United States, but in other countries as well.

Fundraising campaigns numbering in the hundreds have as their goal massive amounts of cash, as compared to those of 10 and 15 years ago. They are helping to restock the nonprofit sector with new buildings, new colleges, libraries, medical centers, and the like, each with a high-end price tag. Donors love them. More than 90% of the named gifts you see in the tables above have gone to create or build new facilities.

My research suggests that legacy gifts to charities are, at the very least, a distant cousin to the acquisition fees paid to name venues and events that promote brand names. The legacy gift makes a statement about the individual making the gift, whether it was \$10 million, \$50 million, \$100 million, or more, and about the high net worth community as a whole. The capacity to give amongst the über-rich, as they are sometimes called, has skyrocketed in tandem with their swollen bank accounts, equity valuations, hedge fund bonanzas, and other alternative investments that have added numerous zeroes to the personal net worth of the upper class.

For both the organizations offering naming rights and the prospective philanthropic donors or corporate buyers, the upward pressure, especially on marquee properties, brings a certain amount of angst to the process. Coming up with the dollar amount for the asking price tag to name the property can be a difficult challenge, especially in a marketplace where the benchmarks are continually shifting. Choosing which organization to give the money to may be an equally difficult choice for the philanthropist.

Health Care and Escalating Naming Gifts

Hospitals, cancer centers (for patient care as well as cancer research), and other health care-related properties appear to be riding the coattails of the success of universities and colleges. The exchange of naming rights for mega-gifts of \$100 million and more is evidence of the importance given to wealthy donors who want to make a difference with a hospital or health care-related gift.

Health care is on the minds of a majority of seniors, especially those of the baby boomer generation. On March 21, 2006, City of Hope in Los Angeles dedicated the Arnold and Mabel Beckman Center for Cancer Immunotherapeutics and Tumor Immunology after the couple's foundation made a \$20 million gift. According to the announcement from City of Hope, the Beckmans' gift will be directed toward building an integrated research

facility that will focus on tumor immunology and research on converting scientific discoveries into innovative treatments and diagnostic methodology for cancer patients.

Ten years ago, a \$20 million gift would have made national headlines. In 2006, the news of this generous contribution barely made it out of California. Despite the generosity of the gift and the importance of City of Hope's efforts, in today's marketplace it take a bigger splash to get the attention of the national media. The escalating price tags and the named gifts received have raised the bar of what is a newsworthy story.

As you review Exhibit 1.4, note that Nationwide Insurance, a corporate sponsor, made a remarkable choice to give \$50 million to the Children's Hospital in St. Louis, Missouri, in 2006. This gift is particularly noteworthy because it is the most significant corporate gift to a high-profile property in the nonprofit sector since Mattel's \$25 million gift to UCLA's Children's Hospital in 2002.

A sign of things to come? I think so. Why? Because the number of traditional high-profile properties available for naming opportunities has shrunk dramatically. We'll discuss that further in Chapter 2.

In my three years researching this topic and twenty years doing other philanthropic research, I have come across several organizations that use innovative strategies and tactics to market their naming rights. One of the most creative online

EXHIBIT 1.4 Escalating Price Tags for Naming Rights in Health Care

Sanford Health System (2007) Sioux City, SD	\$400 million
University of Southern California—Mann Institute for Biomedical Engineering (1998) Los Angeles, CA	\$112.5 million
University of California, Davis—Moore School of Nursing (2007) Davis, CA	\$100 million
Ann & Robert H. Lurie Children's Hospital (2007) Chicago, IL	\$100 million
Texas Children's Hospital—Duncan Neurological Research Institute (2007) Houston, TX	\$50 million
Nationwide Children's Hospital (2006) St. Louis, MO	\$50 million
University of North Carolina—Gillings School of Public Health (2007) Chapel Hill, NC	\$50 million
University of Texas—Southwestern Medical Center Simmons Comprehensive Center for Research and Treatment in Brain and Neurological Disorders (2008) Dallas, TX	\$50 million
Dana Farber Cancer Center (2008) Shapiro Cancer Clinic Boston, MA	\$27 million
Washington University in St. Louis—Wolff Institute for Biomedical Research (2008) St. Louis, MO	\$20 million
University of Notre Dame—Eck Center for Global Health and Infections Disease (2008) South Bend, IN	\$20 million

Source: Dig In Research 2007 Inc., *National Survey of Naming Opportunities*

marketing strategies was developed by the Children's Hospital of Atlanta (www.choa.org). The campaign that recently completed featured an innovative approach to sharing information about naming opportunities. While the Web pages were available you could click on the link to "About the Foundation," and there you would have found a left-side navigation bar that included a link to "Naming Opportunities." Users interested in giving could click on a link for "Naming Opportunities," which led to a Web page that was simple, yet elegant. The usual staff contact information and phone number were available, but what came next was very cool.

The Web site visitor was invited to learn more about the naming opportunities for Children's Hospital of Atlanta's facilities and programs by specialty area classification or by price range. If you chose specialty area classification, you could view up to 18 specialty subsections of naming opportunities. Alternately, you could view the information by price range, which extended from \$50,000 to \$50 million to name the building addition at the Children's Hospital at Egleston.

The innovative approach of using a flat file type of database, with two choices to view the information, within the campaign Web site was very clever on the part of the fundraising team and especially the information technology support person who devised it. This kind of tactic is indicative of the changing nature of the marketplace and the ways that donor relations staff are using the organization's

Web site to keep in touch with their donor community. In a later chapter, we will go into more detail about the marketing strategies and tactics in use today.

I spoke with Jane Ellington, Director of Donor Relations for the Children's Hospital of Atlanta, and asked her about their innovative approach to naming opportunities.

"It really did serve us well," said Ellington. "We were able to go into the internal Web site and update the list while the campaign was underway. This gave us a tool to work together." She went on to remark that the foundation office did receive a number of phone calls about the naming opportunities from prospective donors. Ellington felt that the format "allowed the donors to feel like they were more involved in the decision-making process," as compared to other campaigns where the donor is typically presented with a limited selection of major gift naming opportunities.

The foundation's staff were able to make notes on individual properties, especially when a donor showed specific interest. They could add a note to the file and reserve a potential named property for up to 60 days. This is another feature that the staff found to be very helpful.

The online database was created from scratch by Robert Massey, the lead software engineer for the hospital, who was given some general directions by the foundation staff and then created the interactive naming opportunities page using the Oracle database program.

\$100 MILLION NAMING RIGHTS: ENTITLEMENT OR NEED?

Mile high expectations or just a fishing trip?

In late November of 2006, the University of Colorado announced a \$25 million gift from Denver philanthropist Phillip Anschutz. In appreciation of this donation, the Medical Campus in Aurora was re-named in Anschutz's honor.

The School of Medicine used the announcement to trumpet the call for a naming rights donor, asking price \$100 million—an interesting tactic in the grand scheme of fundraising efforts.

An emerging trend in the nonprofit sector is the supercharged escalation of ask amounts for naming rights. This trend is directly linked to the surge in billion dollar fundraising campaigns currently underway at universities, colleges, environmental groups and others across the USA.

I wonder aloud sometimes and ask the wind, "Who checks the moral barometer of nonprofit entities?"

Which organization is genuinely qualified to ask for a \$100 million gift in return for the perpetual naming rights to an intangible like a school of medicine? Is this about entitlement or need?

Trend in Named Gifts to Universities

Last August Stanford University received a \$105 million gift from the founder of Knight Industries and in turn named the Knight Graduate School

of Management. The dollar amount of \$105 million, by the way, made it the number one ranked named gift to a business school, \$5 million more than the gift made to the University of Michigan in December of 2004.

Stanford is ranked #7 Best National University—Doctoral level by the U.S. News and World Report. The six schools ahead of Stanford include Princeton, Harvard, Yale, Cal Tech, Duke and MIT.

Now add to that perspective that there are only two business schools that have received a nine-figure gift. That's it. Of the 67 named business schools, #21 ranked Carnegie Mellon University, is next, having received a \$55 million gift in 2004.

For the record, there have been more naming gifts made to business schools than to medicine, law, and engineering combined. Capitalism helped to create wealth; some are giving back in a big way.

Naming rights for nonprofit organizations take their benchmarks from these named business schools. Every now and then there is a gift outside the norm, made by someone who has financial capacity and a strong emotional attachment to the institution.

UCLA—David Geffen School of Medicine (2002)	\$200 million
University of Miami—Miller School of Medicine (2004)	\$100 million
Cornell University—Weill Medical College (1998)	\$100 million

Northwestern University— Feinburg School of Medicine (2002)	\$75 million
Stanford—Knight School of Management (2006)	\$105 million
University of Michigan—Ross School of Business (2004)	\$100 million
Carnegie Mellon University— Tepper School of Business (2004)	\$55 million
University of Texas, Austin— McCombs School of Business (2004)	\$50 million

I pose the question somewhat rhetorically. Are the asking amounts for naming rights about need or are they based on some sense of entitlement?

To the universities and colleges, receiving a large naming gift is like winning the lottery. Truth be known, it's better because unlike someone who claims a windfall from a random lottery ticket, there are no state or federal withholding taxes skimmed off the top. It's more like cashing in a tax-free prize from the Irish Sweepstakes.

Twenty years ago, philanthropy was all about contributing to a favorite charity because of the emotional ties that made us a part of the organization.

Contemporary fundraisers seem to be focused in on pushing for as much as they can get every time they ask for a gift. Profiling of the would-be donors

is skewed towards a what's-in-it-for-us background research according to wealth indicators. Many times the profiles are compiled without ever having a conversation with the individual, foundation, corporation, or other possible benefactor.

Maybe it's the system that is bent. When senior fundraising staff look around and see the off-the-chart numbers being asked for naming rights at other schools they appear to be ready to announce in public, "me too."

Is that enough? Who gets to pose the questions asking organizations to validate their ask amounts? Hopefully some of the donor community or perhaps a trustee.

Should they not have to back it up with some sort of track record of outstanding accomplishments such as a highly touted academic curriculum, maybe a Nobel Prize-winning faculty on staff or evidence of breakthrough research by accomplished professors? How did they come up with a \$100 million price tag anyway?

Why are they not accountable to show deemed value in these naming rights? Should the donor community blindly accept any dollar amount that a university or college or any other nonprofit organizations promotes as the ask for its naming rights?

In a market economy, the theory is that the marketplace will influence the price based on the Law of Supply and Demand. Based on my observations the nonprofit sector does not always operate in lock step with the free market principles when it comes to naming rights for properties, especially the

high-ticket items. Scarcity has a significant influence on what that price tag should be. I wonder how much the final decision is influenced by need or the sense of entitlement?

And what kind of influence do these high-minded tactics have on the rest of the nonprofit organizations in that community? This is not to mention the impact they have on donor's choices to distribute the same amount of money to a wider group of deserving organizations.

A month before I wrote this article there was an announcement from the corporate side of the fence. Citibank, the largest financial services company in the land and one of the largest in the world, announced two naming rights deals on successive days.

The first was a commercial sector naming rights agreement for \$20 million a year for 20 years, a \$400 million deal, for the new baseball stadium where the New York Mets play. The second was a \$34 million dollar deal to name the Wang Center for Performing Arts in Boston.

Isn't it interesting to see a bank buying naming rights in both the private sector and nonprofit at these dollar levels? Building up brand name appears to have elevated to new heights in terms of perceived value.

Are universities and colleges that employ these aggressive fundraising strategies strictly working towards the fulfilling their role to enhance the greater good or merely acting out repressed ambitions to be the wealthiest kid on the block?

The information in this section is taken from an article that I wrote and appears at the online Web site located at www.supportingadvancement.com. That Web site has become a dynamic resource for many fundraising professionals who are in and outside of higher education.

PRIVATE SECTOR: ESCALATING PRICE TAGS

Let's look at the other side of the naming rights marketplace. Private sector companies have sought out naming opportunities to enhance and in some cases create brand name recognition, sponsorship benefits, and long-term business development opportunities. One of the most common references these days is to the naming rights of professional sports venues, so we'll start by taking a look at what's going on with the price tags for naming rights with professional sports. The high-profile nature of pro sports serves as one aspect of benchmarking the going rate for a named property in the marketplace today.

Keep in mind that there are two types of naming scenarios for pro sports facilities. On one hand, you have naming rights for a newly constructed stadium or multipurpose arena; on the other, you have naming rights for an existing venue when the previous naming rights deal has expired. The location of the venue has a lot to do with how much the owner can ask to name the venue. In New York, two naming rights deals have been concluded within the last

year, at \$400 million each. In contrast, the stadium in Jacksonville, Florida, where the Jaguars pro football team plays its games, may only fetch half that amount.

Marketing, media hits, and brand name exposure are all a part of the corporate naming rights game. How the numbers are determined is a mystery, with no consistent rules that apply across the board. The New Jersey Sports Authority has asked for bids to name their prized property, the Continental Airlines Arena. The naming rights expire in 2008, and the primary tenant, the NBA's New Jersey Nets, is moving to a new home. In Dallas, Texas, the owner of the Dallas Cowboys football team has reportedly asked for a billion dollars to name his stadium, which was built only a few years ago. So far, there have been no takers.

In 1920, William Wrigley, Jr., became the owner of the Chicago Cubs. He was also the president of Wrigley Gum and owned the Wrigley Building. In 1926, the ball park was renamed Wrigley Field. In his retirement years, Mr. Wrigley was heard to say that the decision to name the field after himself helped sell more gum in the city of Chicago than any other marketing effort they had ever tried.

Baseball Stadium Naming Rights

Let's take a look at major league baseball. Exhibit 1.5 lists named ball parks, ranked by the dollar value of their naming rights agreements.

EXHIBIT 1.5 Major League Baseball Stadium Naming Rights

Team	Naming Rights	Sponsor	Total
New York Mets Citi Field (2006)	\$400 million over 20 years; (opens in 2009)	Citigroup	\$400 million
Houston Astros Minute Maid Park (2000)	\$168 million over 28 years; \$6 million average per year	The Coca-Cola Company	\$168 million
Cincinnati Reds Great American Ball Park (2003)	\$75 million over 30 years; \$2.5 million average per year	Great American Insurance Group	\$75 million
Chicago White Sox U.S. Cellular Field (1994)	\$68 million over 23 years; \$2.96 million average per year (expires 2026)		\$68 million
Arizona Diamondbacks Bank One Ballpark (1998), now Chase Field (2005)	\$66 million over 30 years; \$2.2 million average per year (expires 2028)	Bank One Corporation, now Chase	\$66 million
Detroit Tigers Comerica Park (2000)	\$66 million over 30 years; \$2.2 million average per year (expires 2030)	Comerica Bank	\$66 million

San Diego Padres Petco Park (2004)	\$60 million over 22 years; \$2.7 million average per year (expires 2026)	PETCO (the nation's #2 pet supply specialty retailer)	\$60 million
Philadelphia Phillies Citizens Bank Park (2004)	\$57.5 million over 25 years; \$2.3 million average per year (expires 2029)	Citizens Bank	\$57.5 million
Los Angeles Angels of Anaheim Edison International Field of Anaheim (1996)	\$50 million over 20 years; \$2.5 million average per year (expires 2018). Stadium name dropped after seven years; in 2003, it became the Angel Stadium of Anaheim.	Edison International	\$50 million
San Francisco Giants Pacific Bell Park (2000)	\$50 million over 24 years; \$2.1 million average per year (expires 2024). The stadium is named AT&T Park as of 2006.	Pacific Bell	\$50 million
Tampa Bay Rays Tropicana Field (1990)	\$46 million over 30 years; \$1.5 million average per year (expires 2026)	PepsiCo, Inc.	\$46 million
Milwaukee Brewers Miller Park (2001)	\$41 million over 20 years; \$2.05 million average per year (expires 2020)	Miller Brewing Company	\$41 million

(Continued)

EXHIBIT 1.5 (Continued)

Team	Naming Rights	Sponsor	Total
Seattle Mariners Safeco Field (1999)	\$40 million over 20 years; \$2 million average per year (expires 2019)	SafeCo	\$40 million
Pittsburgh Pirates PNC Park (2001)	\$30 million over 20 years; \$1.5 million average per year (expires 2020)	PNC Financial Services	\$30 million
Florida Marlins Pro Player Park/Stadium (1996–2006) Shared with Miami Dolphins football team	\$20 million over 10 years; \$2 million average per year (expired 2006). The stadium is now known as Dolphin Stadium; the Marlins must leave at the end of their current lease (2010). There's a new stadium being built for the team, who will be renamed the Miami Marlins.	Pro Player (sports apparel division of Fruit of the Loom)	\$20 million

San Diego Padres QUALCOMM Stadium (1997) Shared with San Diego Chargers football team	\$18 million over 20 years; \$900,000 average per year (expires 2017). Padres relocated to Petco Park (see above) in 2004.	QUALCOMM Corporation	\$18 million
Colorado Rockies Coors Field (1995)	\$15 million; term of contract unavailable	Coors Brewing Company	\$15 million
Cleveland Indians Jacobs Field (1994–2008)	\$13.9 million over 20 years; \$695,000 average per year (expires 2014). The stadium is named Progressive Field as of 2008.	Named for former team owners the Jacobs brothers	\$13.9 million
Oakland Athletics Network Associates Coliseum (1998); now McAfee Stadium (2004) Shared with Oakland Raiders football team	\$6 million over 5 years; \$1.2 million per year. Original contract expired in 2003 and was renewed for a further 5 years and \$6 million.	Network Associates, now McAfee	\$12 million
Kansas City Royals Kauffman Stadium (1973)	None	Ownership family name	\$1

Hot properties on the baseball stadium market include RFK Stadium, home of the Washington Nationals. Word on the street is that the ball club, formerly the Montreal Expos, will have a named stadium by the time they return in April 2008. On the west coast, the San Francisco Giants are reported to be in discussions with groups interested in renaming their baseball stadium.

Last but not least, the Detroit Tigers and Comerica Bank have had some talks about the continuation of the bank's name on the facility. Due to the hard times that have hit the Detroit area thanks to the downturn in the auto sector, Comerica has relocated its head office and much of its staff to Texas. Time will tell if this naming rights deal will stand as is.

Football Stadium Naming Rights

Football has long been one of America's favorite pastimes. With its unique scheduling, unlike any other pro sport, the National Football League (NFL) has legions of fans who follow their teams with passionate energy and focus. From the tailgate parties that may start the night before a weekly contest to the post-game interviews on television, the brand name of the stadium is front and center, entwining itself into the fabric of the event and the history of the game.

There are some things you just can't mess with, and sometimes, the name of a football stadium is one of them. In Denver, Colorado, when the naming

rights to the stadium expired a few years ago and the new corporate label Invesco Field went up, the fans' protest was so dramatic that the corporate sponsor changed the name to satisfy them. The revised name incorporates a link with the past: Denver's and Colorado's football stadium is now called Invesco Field at Mile High Stadium.

Exhibit 1.6 shows the naming rights for the professional football sports leagues. There are 32 NFL teams, and only 18 of the stadiums have naming rights attached. Some of these teams' stadiums are unlikely to change names, including the Green Bay Packers' Lambeau Field in Green Bay, Wisconsin. The stadium took on that name in 1965 after the death of Curly Lambeau, a founder, player, and the first coach of the Green Bay Packers. First built in 1957, the stadium has had plenty of opportunities to add a new name during seven different upgrades—but some things are not for sale.

The revenue from naming rights deals may help some teams pay for the high-priced talent of free agents. On the other hand, teams that have pursued the free-agent market in an effort to improve the team have not always met with success; for example, consider the Washington Redskins.

The city of Jacksonville, Florida has proposed that it receive up to 25% of any naming rights agreement, in what would be one of the first municipality/pro football team revenue-sharing contracts. This is another precedent in the business.

Look for several headline stories from NFL football over the next two years, as new stadium deals are

EXHIBIT 1.6 National Football League Naming Rights

Stadium Name	Sponsor	Home Teams	Average Per Year	Expires
Alltel Stadium*	Alltel Corp.	Jacksonville Jaguars	\$620,000	2007
Bank of America Stadium	Bank of America	Carolina Panthers	\$7 million	2024
Edward Jones Dome	Edward Jones	St. Louis Rams	\$2.65 million	2013
FedEx Field	Federal Express	Washington Redskins	\$7.6 million	2025
Ford Field	Ford Motor Co.	Detroit Lions	\$1 million	2042
Gillette Stadium	Gillette	New England Patriots	N/A	2017
Heinz Field	H.J. Heinz	Pittsburgh Steelers	\$2.9 million	2021

* Alltel has declined to renew its option to continue as the naming rights sponsor of the football stadium as of summer 2007.

Invesco Field at Mile High	Invesco Funds	Denver Broncos	\$6 million	2021
Lincoln Financial Field	Lincoln Financial Group	Philadelphia Eagles	\$6.7 million	2022
LP Field	Louisiana-Pacific	Tennessee Titans	\$3 million	2016
Lucas Oil Stadium	Lucas Oil	Indianapolis Colts	\$6 million	2026
M & T Bank Stadium	M & T Bank	Baltimore Ravens	\$5 million	2018
Monster Park	Monster Cable	San Francisco 49ers	\$1.5 million	2007
Office Depot Center	Office Depot	Florida Panthers	\$1.4 million	2013
Pro Player Stadium (now Dolphin Stadium)	Fruit of the Loom	Miami Dolphins Florida Marlins	Company Bankrupt	2006

(Continued)

EXHIBIT 1.6 (Continued)

Stadium Name	Sponsor	Home Teams	Average Per Year	Expires
Qualcomm Stadium	Qualcomm	San Diego Chargers	\$900,000	2017
Qwest Field	Qwest	Seattle Seahawks	\$5 million	2019
Raymond James Stadium	Raymond James Financial	Tampa Bay Buccaneers	\$3.1 million	2026
RCA Dome	RCA	Indianapolis Colts	\$1 million	2004
Reliant Stadium	Reliant Energy	Houston Texans	\$10 million	2032

announced. Will Texas become the top of the pile for pro football? What will happen with Oakland Coliseum or RFK Stadium?

Basketball Arena Naming Rights

Basketball enjoys the flexibility of being played in a multipurpose arena. In many cities, the NBA team shares a venue with a hockey team from the NHL and a women's basketball team from the WNBA. Event staff in these arenas often have to make the switch from a frozen ice surface for a hockey game to a basketball court overnight. Exhibit 1.7 shows the naming rights for the NBA. In the Home Teams column, you will see references to multiple teams that use the same facility, something that was not lost on the corporate sponsor.

Hockey Arena Naming Rights

In United States professional sports, hockey ranks a distant fourth behind baseball, football, and basketball—but it has an international following that the top three lack. In the early days of professional hockey, the Original Six teams straddled the American/Canadian border, with teams in Detroit, Toronto, Montreal, Chicago, New York, and Boston. It is interesting to note the international market for the game and, with that, the long-established cross-border sponsorship tradition.

As you review the list in Exhibit 1.8, take note of the home country of the naming sponsors of

EXHIBIT 1.7 National Basketball Association Naming Rights

Stadium Name	Sponsor	Home Teams	Average Per Year	Expires
American Airlines Arena	American Airlines	Miami Heat	\$2.1 million	2019
American Airlines Center	American Airlines	Dallas Mavericks, Stars	\$6.5 million	2031
America West Arena	America West	Phoenix Suns, Coyotes, Mercury	\$866,667	2019
Arco Arena	Atlantic Richfield	Sacramento Kings, Monarchs	\$750,000	2007
Barclays Arena	Barclays Bank	New Jersey Nets	\$20 million	2028
Compaq Center	Compaq Computer	Houston Rockets, Comets	\$900,000	2003
Conseco Fieldhouse	Conseco	Indiana Pacers, Fever	\$2 million	2019
Continental Airlines Arena	Continental Airlines	New Jersey Nets	\$1.4 million	2008

Delta Center	Delta Airlines	Utah Jazz, Starzz	\$1.3 million	2011
FedEx Forum	Federal Express	Memphis Grizzlies	\$4.5 million	2023
Wachovia Center	Wachovia Bank	Philadelphia 76ers, Flyers	\$1.4 million	2023
Fleetcenter	Fleet Bank	Boston Celtics, Bruins	\$2 million	2010
Gund Arena	Owners	Cleveland Cavs, Rockers	\$700,000	2014
KeyArena	Key Corp.	Seattle Supersonics, Storm	\$1 million	2010
MCI Center	MCI	Washington Wizards, Capitals, Mystics	\$2.2 million	2017
Pepsi Center	PepsiCo	Denver Nuggets, Colorado Avalanche	\$3.4 million	2019
Phillips Arena	Royal Phillips Electronics	Atlanta Hawks, Thrashers	\$9.3 million	2019

(Continued)

EXHIBIT 1.7 (Continued)

Stadium Name	Sponsor	Home Teams	Average Per Year	Expires
SBC Center	SBC Communications	San Antonio Spurs	\$2.1 million	2022
Staples Center	Staples	Los Angeles Lakers, Kings, Clippers, Sparks	\$5.8 million	2019
Target Center	Target	Minnesota Timberwolves, Lynx	\$1.3 million	2005
TD Waterhouse Centre	TD Waterhouse Group	Orlando Magic, Miracle	\$1.6 million	2003
Toyota Center	Toyota	Houston Rockets	N/A	N/A
United Center	United Airlines	Chicago Bulls	\$1.8 million	2014

EXHIBIT 1.8 National Hockey League Naming Rights

Arena	NHL Team	Naming Rights	Term	Expires	Total
Air Canada Centre	Toronto Maple Leafs	Air Canada	20	2019	\$30 million
American Airlines Center	Dallas Stars	American Airlines	30	2031	\$195 million
BankAtlantic Center	Florida Panthers	BankAtlantic	10	2015	\$22 million
Bell Centre	Montreal Canadiens	Bell Canada	20	2023	\$64 million
Continental Airlines Arena	New Jersey Devils	Continental Airlines	12	2008	\$29 million
Honda Center	Anaheim Bucks	Honda	15	2031	\$60 million
General Motors Place	Vancouver Canucks	General Motors Canada	20	2015	\$18.5 million
HP Pavilion at San Jose	San Jose Sharks	Hewlett-Packard	15	2016	\$47 million

(Continued)

EXHIBIT 1.8 (Continued)

Arena	NHL Team	Naming Rights	Term	Expires	Total
HSBC Arena	Buffalo Sabres	HSBC Bank	15	2016	\$15 million
Jobing.com Arena	Phoenix Coyotes	Jobing.com	10	2016	\$25 million
Mellon Arena	Pittsburgh Penguins	Mellon Financial	10	2009	\$18 million
Nationwide Arena	Columbus Blue Jackets	Nationwide Insurance	Indefinite	None	See Below*
Pengrowth Saddledome	Calgary Flames	Pengrowth Management	20	2016	\$20 million
Pepsi Center	Colorado Avalanche	Pepsi	20	2019	\$68 million
Philips Arena	Atlanta Thrashers	Philips Electronics	20	2019	\$180 million
RBC Center	Carolina Hurricanes	RBC Centura Bank	20	2022	\$80 million
Rexall Place	Edmonton Oilers	Rexall	10	2014	N/A

St. Pete Times Forum	Tampa Bay Lightning	St. Petersburg Times	12	2014	\$25.2 million
Scotiabank Place	Ottawa Senators	Scotiabank	15	2021	\$20 million
Scottrade Center**	St. Louis Blues	Scottrade Center	N/A	N/A	N/A
Sommet Center	Nashville Predators	Sommet Group	N/A	N/A	N/A
Staples Center	Los Angeles Kings	Staples	20	2019	\$116 million
TD Banknorth Garden	Boston Bruins	TD Banknorth	20	2025	\$120 million
United Center	Chicago Black Hawks	United Airlines	20	2014	\$36 million
Verizon Center	Washington Capitals	Verizon	15	2017	\$44 million
Wachovia Center	Philadelphia Flyers	Wachovia	29	2025	\$40 million
Xcel Energy Center	Minnesota Wild	Xcel Energy	25	2024	\$75 million

*Nationwide received naming rights indefinitely as part of a deal to provide 90% of the financing for the Columbus arena.

**Details of Scottrade's deal with St. Louis were not available, but it is believed to be in the range of \$2 million to \$4 million per year.

these arenas. For now, the international ownership of naming rights is much more prevalent in the game of professional hockey than it is baseball.

The second item to note is the dispersion of the corporate industries represented on the list. We find airlines, banks, telecommunications firms, automobile makers, computer and technology companies, newspapers, dot-com businesses, energy companies, and office supply companies. Quite a mix, isn't it? More than 40% of the hockey arenas that are home to an NHL team are named for a consumer product or services company. This is followed by naming rights owned by financial services companies and airlines.

The impact of brand name recognition is the primary motivation for a company acquiring naming rights. With hockey teams being just one of the tenants in the building, the companies that bought the naming rights are enjoying additional marketing exposure thanks to the other events such as concerts, trade shows. Multipurpose venues appear to be a popular choice and we can expect to see this trend continue and expand down to include smaller multipurpose facilities in smaller markets.

Only three teams play in stadiums without corporate naming rights attached to them: the Detroit Red Wings, in Joe Louis Arena; the New York Rangers, in Madison Square Garden; and the New York Islanders, in Nassau County Coliseum. The first two are unlikely to change, but the New York Islanders are the most likely NHL team to have naming rights come available sometime soon.

In late September 2007, Bill Wirtz, the owner of the Chicago Black Hawks, passed away. Wirtz had been instrumental in working with Chicago Bulls ownership to land the naming rights deal for the United Center, but he refused to allow the broadcast of hockey games on local TV. Brand name and brand value have a direct correlation with visibility in the market. Maybe that will change in Chicago.

Golf Tournament Sponsorships

The Professional Golfers Association (PGA) Tour features the most recognizable name in pro sports, Tiger Woods. That fact alone has had a lightning-rod effect on tournament sponsorships. Television ratings, the standard measure of viewership statistics, have bolted upwards for PGA events over the last two years, a fact not lost on corporate America.

One such example is the Northern Trust Open, played in California in February 2008. Northern Trust is a leading wealth management company that hopes to boost awareness of its brand in major markets with a recently announced five-year naming rights deal to sponsor this annual PGA Tour event. Although Northern Trust is far from a household name, a weekend of prime-time viewing on television, helped along by proverbial underdog Phil Mickelson winning his 33rd PGA tour event at the Northern Trust Open, brought the brand to the consumers' consciousness.

The British are Coming!
The British are Coming!

What say you, scout? The British are coming to America?

It's true. And there's no need for the lanterns in Paul Revere fashion; the Brits are already here.

The NBA's New Jersey Nets recently had \$400 million worth of British money land in their pockets from global banking giant Barclays Bank of London, UK. The Nets' new facility will be called Barclays Arena—the first time a British company has ventured into the United States. Barclays snapped up one of the juiciest sports properties on the market. The announcement in May 2007 came less than eight months after rival Citigroup signed a similar naming deal for \$400 million with the cross-town New York Mets of major league baseball.

At first glance, New Yorkers might think that Citigroup is the clear winner in this one. People know the Citigroup brand name as one of America's leading financial services providers. According to an annual survey published by Interbrand, a company that puts a ranking number on the value of brand names, the Citi brand sits at number 11 on the Best Global Brands list, behind Coca Cola, Microsoft, and IBM (www.businessweek.com/pdfs/2007/0732_globalbrands.pdf). Further, Citigroup has a significant presence in the greater New York area and an established client base. The naming rights deal is one more way to deepen the relationships with existing customers and attract new ones.

When the first pitch is thrown out in 2009, Citi Field will be home to 81 ball games. That's half of the 162-game schedule, and perhaps more if the team makes it into the playoffs.

Along comes Barclays. On the global stage of financial services, Barclays Bank (www.barclays.co.uk) is the heavyweight, and Citigroup the underling. The British firm has a long-standing relationship with the New York financial community, including brokerage houses, the New York Stock Exchange, and member institutions. But if you read through the full list of the Best Global Brands, you won't find Barclays anywhere on that list.

At the time of the announcement, Barclays Bank did not even have a single retail banking location in New York City. In January 2007, Barclays paid \$225 million to acquire EquiFirst, the 12th-largest sub-prime whole mortgage originator in the United States, with 600 employees in Charlotte, North Carolina. EquiFirst works with more than 9,000 mortgage brokers in 47 states and will be merged into the Barclays Capital division of the multinational corporation.

Barclays is no stranger to sports properties. The bank is the title sponsor of the Barclays Premier League Web site for English football, which features daily updates about team and players (www.premierleague.com/page/Home/0,,12306,00.html). Barclays regards sports properties as extensions of its global marketing plan. Gaining a share of the wallet in New York, as they like to say in financial circles, is high on the British bank's agenda.

The scenario is reminiscent of what Key Bank pulled off in Seattle 20 years ago when they bought the naming rights to the venue that plays host to the NBA's Seattle SuperSonics. At the time, Key Bank had just made a series of retail banking acquisitions in the Seattle area and was looking for something to give its marketing a shot in the arm. Since its acquisition of the naming rights to the SuperSonics' arena, Key Bank has grown into a market leader with tremendous brand name presence in the local community. If you happen to do a Google search of the name, you will find that the Key Bank Arena is not just a basketball floor for the NBA, but a year-round entertainment facility that includes concerts, sports, trade shows, and other high-profile events.

In recent years, Japanese car makers Toyota and Honda bought the naming rights to multi-event arenas in the western part of the United States. The Toyota Center in Houston features the NBA's Houston Rockets as its main tenant, and the Honda Center in Anaheim bills itself as southern California's premier sports and entertainment center. It is no coincidence that Japanese cars are selling well in these regions and are on track to continue to gain market share.

Honda certainly got plenty of mileage during the 2006–2007 NHL season, as the resident Anaheim Ducks made it to the finals and won the Stanley Cup, representing hockey supremacy. Media coverage is the marketing department's nirvana, especially television broadcasts from the Honda Center—it just doesn't get any better than that. Over and over

again during those events, the media referenced the named facility. This sort of presence in the marketplace is exactly what naming rights acquisition is all about.

HSBC, the world's largest bank, acquired the naming rights to the Buffalo Sabres' hockey arena, now called the HSBC Arena. In this case, an international corporation came to the United States, land of opportunity as the old saying goes, to steal away the naming rights for a paltry \$800,000 a year because there were few others interested in the deal to bid up the price at the time. What a good call that was, compared to the going rate to get a named venue with television coverage and multipurpose functionality.

Two years ago, the Royal Bank of Canada, another foreign entity that bought a named venue in the United States, celebrated with gusto as their own feature tenant, the Carolina Hurricanes of the NHL, won the title.

In a September 18, 2007 press release, the Royal Bank of Canada noted that it was getting good value for the \$4 million a year it is paying to name the RBC Center in Raleigh, North Carolina. The multipurpose arena plays host not only to the NHL's Carolina Hurricanes but also to the North Carolina State University basketball team—talk about a one-two punch! The basketball team alone brought the bank enormous exposure and brand-building for the RBC Centura name after the parent company began a series of retail bank acquisitions about four years ago in the southeast United States.

A recent study by a sports marketing firm in the area points to positive feedback in terms of media hits and feedback from locals who go to the arena. The Canadian bank has an \$80 million commitment to the region that extends more than a decade. This is another example of a long-term marketing plan rolling out as it should.

Some might say, "Big deal, it's just hockey." It's true that hockey is not as popular as football and baseball, but the real value to the owners of a named sports venue, especially one that is a multipurpose facility, is the amount of media coverage that comes from being in the sponsorship game.

Citi Field will be home to 81 New York Mets baseball games starting in 2009. The Barclays Arena will be a state-of-the-art multipurpose facility positioned to challenge the venerable Madison Square Garden for top-flight entertainment dates.

The 20-year naming rights deal is already starting to pay dividends for both companies. In the international realm of wealth management, clients use international tax treaties, foreign investments, and 24/7 stock markets around the world to manage their wealth. New York, the Big Apple, is home to a lot of money. Barclays has just taken its first bite of that apple.

The British are coming! The British are coming!