

Naming Rights: It's a Philanthropic Jungle Out There

03.02.15 | Linda J. Rosenthal, JD



Even having a basement bathroom named after you at a major cultural institution can cost a big chunk of change. In 2007, wealthy New York businessman Jerome L. Stern offered the New Museum of Contemporary Art a major gift reported to be in the six figures. As a thank you, the institution suggested naming rights to a space in the building. Mr. Stern, then 83, injected some humor, saying he “wanted to see his name ‘in a place I’m going to spend a lot of time.’” Voila! The Jerome and Ellen Stern Restrooms were dedicated.

Of course, most major donors prefer their names to grace more illustrious locations than lavatories.

For instance, in 2008, financial mogul [Stephen A. Schwarzman](#) gave [\\$100 million](#) to the New York Public Library; its magnificent Fifth Avenue central reference building is now called “The Stephen A. Schwarzman Building.” Already there was the “Bill Blass Catalog Room,” for which the fashion designer had previously given a mere \$10 million.

Philanthropic Naming Rights

Philanthropic naming rights: What exactly are they?

They are the charitable cousin of corporate – commercial – naming rights. Just outside our office windows in downtown San Diego is Petco Park, home to the San Diego Padres for the past decade. Years earlier, the old stadium had been named “San Diego Jack Murphy Stadium,” honoring the city and memorializing a beloved hometown sportswriter. Now our “boys of summer” play in a space named after cat food. Such are the realities of modern economics.

Huge amounts of money – donated, of course, instead of invested – swirl around the rights to have one’s name catapulted into philanthropic super-stardom. Billionaires jostle for the privilege of contributing to society and being publicly recognized for it.

In the News Now

Making news right now is venerable Avery Fisher Hall, home of the New York Philharmonic at Lincoln Center. It needs a huge capital infusion – at least \$500 million – to fund a long-overdue renovation. But the biggest stumbling block has been the building’s name. It must be retired to make way for recognition of whoever eventually agrees to underwrite a large part of the new project. “Few donors would be willing to give such a huge sum – at least about \$100 million – without seeing their name above the hall’s doors.”

Described as a “highly unusual move,” Lincoln Center can now, after concluding difficult negotiations with the late Mr. Fisher’s family, offer re-naming rights to the venue to recognize an as-yet-undetermined new benefactor.

Avery Fisher was an “amateur violinist whose love of music led him to build his own high-quality radios and phonographs in the 1930’s, first as a hobby and later as an extremely profitable business.” He was deeply involved in, and attached to, music and the New York Philharmonic. In 1973, Fisher donated \$10.5 million; the former Philharmonic Hall was named in his honor. That amount in today’s dollars would be about \$55 million – not enough to buy 2014 naming rights.

Previously, “Mr. Fisher’s children and Lincoln Center have had a complicated relationship, and at one point the heirs threatened to sue the performing arts organization if it attempted to change the hall’s name.” But earlier this year, an agreement was reached with the family. They will receive \$15 million and “other incentives” to relinquish the naming rights. For instance, there will be an “Avery Fisher Classical Music Wing” at the renovated building and other continued methods of honoring the original benefactor and involving his family.

The late Mr. Fisher’s original contribution included an endowment for “maintenance, operations and improvements.” It was broken into 2 separate endowments in 1981, one for an artists program named him, and the other for “operation, maintenance and improvement of the hall.”

Reportedly, the original endowment has not been used and, when the dust settles, the family will have “no tax implications.”

Of course, the biggest problem was that the naming rights were not limited in time or any other way in the documents pertaining to the original gift.

Main Street, Too

But this isn’t an issue that affects only huge charitable organizations with enormous budgets. Worlds away from big-city dazzling lights and Wall Street or Silicon Valley mega-fortunes, the same problems crop up from time to time.

Consider the example of the room in a small town's community center that, decades ago, was endowed by the parents of a boy who had been killed in a car accident. The grieving parents are long gone, and the building has fallen into disrepair. It needs money and new life – but what about the name of that room?

Consider also a local church that, in its heyday, was an important religious and social center. Pews were dedicated to congregants, among other methods of thanking them for support. But the town lost jobs, people moved away, and now the church has closed its doors. Can the property be sold and used by another organization for different purposes?

Conclusion

What should any organization – large or small – do to establish guidelines and policies for offering naming rights? What should agreements include?

What specific situations should be foreseeable? Buildings needing to be repaired, refurbished, or even demolished? Of course. What about illustrious donors turning out to be villains? The headlines in the past few years – and weeks – are filled with stories about wealthy donors now headed off to prison or other disgrace.

Future blog posts will consider these issues.

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