

411. Minimum Standards, Acceptance, and Reporting of Gifts and Use of Gift Revenue

I. Purpose and Application of Rule

This Rule sets forth expectations of the Board of Trustees related to gifts. The Rule shall apply to all gifts, regardless of source, including gifts given during a donor's life or through a bequest, charitable remainder trust, or other means.

II. Adherence to Ethical and Professional Standards

Campus development offices and development professionals are expected to comply with applicable ethics laws and standards, including the Council for Advancement and Support of Education guidelines, the *Model Standards of Practice for the Charitable Gift Planner*, which are promulgated by the Partnership for Philanthropic Planning and the American Council on Gift Annuities, and the *Code of Ethical Principles and Standards of Professional Practice* and *Donor Bill of Rights*, which are promulgated by the Association of Fundraising Professionals, as each may, from time to time, be revised.

Reporting of the sources and purposes of gifts and fundraising results, as well as the preparation of campaign plans, shall be in accordance with the common and best practices of the professional field of fundraising.

III. General Gift Policy

All gifts directed to or intended for The Board of Trustees of The University of Alabama, a public corporation and constitutional instrumentality of the State of Alabama, or any of its campuses, programs, or divisions, however named or identified (for purposes of this Rule, the "University") are the property of the University, subject to control and management by the Board, within the limits of and subject to any binding and enforceable restrictions or directions of the donor of the gift accepted and agreed to by the Board, in accordance with this Rule and to the extent permitted by law.

To the extent that a donor or grantor does not otherwise specifically direct, or that a contrary intent of the donor does not otherwise readily appear, income and other revenues from gifts or grants to the University shall be used on behalf of the campus to which the gift was directed or for the campus whose efforts or relationship with the donor generated or promoted the gift.

Each campus, in its annual budget development and presentations to the Chancellor, shall identify the manner in which revenue generated from these funding sources, not otherwise restricted, shall be used. It is the policy of the Board that, to the extent possible, these gifts be used in a manner which will maintain the University's regional and national reputation.

IV. Minimum Standards for Named Gifts

A. Minimum standards for named gifts are established by the Board. An individual campus, through its President, may adopt higher minimums (but not lower minimums) to be used on that campus for each category of named gift. Each campus shall develop naming and gift acceptance guidelines for their respective fundraising programs while adhering to these Board minimums:

1. Minimum Standards for Endowments

a. Deanship	\$2,500,000
b. Chair	1,000,000
c. Distinguished Presidential Scholarship	1,000,000
d. Professorship	500,000
e. Distinguished Graduate Fellowship	500,000
f. Visiting Professorship or Distinguished Lectureship	250,000
g. Research Fund or Eminent Faculty Scholar Fund	100,000
h. Lectureship	75,000
i. Fellowship or Eminent Scholarship	50,000
j. Student Loan Fund	50,000
k. Scholarship or Support Fund	25,000
l. Award Fund or Library Fund	10,000

2. Minimum Standards for Naming a Facility or Part of Facility

The matter of naming a facility or part of a facility for a donor, or donor's honoree, will be decided in all cases by the Board, upon recommendation of the Chancellor and the campus President. Donors will normally be required to provide a gift, or series of gifts, with a total present cash value of no less than thirty-three percent (33%) and usually no less than fifty percent (50%) of the expected construction cost or replacement value of the facility, or portion thereof, not including land, equipment, landscaping, architectural or design fees, utility and infrastructure work, or furnishings. The term facility includes buildings, additions to buildings, space within a building, outdoor space (such as a plaza or court), and other tangible and relatively permanent features located on University property. The specific amount of a gift required to name a facility or space will be recommended

to the Board by the appropriate campus official, giving due consideration to the size, location, prominence, purpose, and level of use of the facility being named. The cost of naming opportunities for some limited time period less than the anticipated life of the space may be lower than naming opportunities that are associated with the life of the space being named, as recommended to the Board on a case-by-case basis by the appropriate campus official.

3. Minimum Standards for Naming a Program or Unit

The matter of naming a college, school, department, or other program or unit will be decided in all cases by the Board, upon recommendation of the Chancellor and the campus President. Campus programs or organizational units may be named with a gift that is determined to be of transformational and sustaining value to the program or unit being named. A substantial portion of the gift should be designated as a permanent endowment with the income providing a perpetual stream of support for the program or unit. Minimum gift levels follow, and the specific amount required to name a program or unit will be recommended to the Board by the appropriate campus official, giving due consideration to the size, scope, national recognition, annual operating budget, student enrollment or patient volume, if applicable, and number and accomplishment of the faculty of the program or unit being named. The cost of naming opportunities limited in term may be lower than naming opportunities that are associated with the life of the program or unit being named, and such pricing will be recommended to the Board on a case-by-case basis by the appropriate campus official.

a. College	\$10,000,000
b. School/Department	5,000,000
c. University Institute/Program/Center	3,000,000
d. College or School Institute/Program/Center	1,000,000

B. Periodically, the Board will review minimum standards for gifts to consider whether adjustments are needed in order to assure adequate income for designated uses.

C. When a facility, part of a facility, college, school, department, program, or unit is to be named in consideration of a financial contribution, the gift shall be received by the University, or its future receipt shall be assured, pursuant to a naming agreement, as follows:

a. While the Board retains its power to accept gifts and to recognize donors in its complete discretion on a case-by-case basis, the standard practice shall be that, before the naming is made, at least forty (40) percent of the pledged gift amount for the naming must be received, and the remainder of the pledged gift amount must be received within four (4) years thereafter, unless cash flow

requirements for construction or renovation require an abbreviated payment schedule. If it is anticipated or desired that an exception to this standard practice should be made, then the request for an exception should be reviewed with the Chair of the Honorary Degrees and Recognition Committee as early as possible prior to the execution of a naming agreement. This standard requirement may be waived by the Board in its discretion.

- b. If the pledged donation is to name new construction, renovation, or other projects with cash-flow considerations, the timing of the pledge payments must satisfy cash-flow demands.
- c. No facility, part of a facility, college, school, department, program, or unit will be named in recognition of revocable planned gifts.
- d. Gifts made through an irrevocable planned gift are subject to the following additional rules:
 1. Minimum amounts for naming can be set higher for a particular gift based upon the present value of the gift or if the actual amount to be received by the University could be significantly delayed or reduced by the time the entire gift is actually received by the University.
 2. Determination of the naming value of such gifts must be agreed to by the campus President and the Vice President for Advancement, and the Chair of the Honorary Degrees and Recognition Committee in advance of acceptance of the gift.

D. Naming opportunities secured through future payments will be revoked if the donor fails to meet his/her financial obligation. The University also reserves the right to dispose of any named property or facility as deemed necessary via sale, demolition, etc. The University reserves the right to close, merge, or dispose of any college, school, department, program or unit, and said decision may affect the name thereof, when warranted by academic decision-making. Named properties may be amended, removed, or disposed of only upon recommendation by the campus President and approval by the Board with notification to be provided to the donor or donor's representative. Should a named building be demolished or replaced, the University will consider appropriate recognition including, but not limited to, placing a plaque in or near a new building to indicate it occupies the site of a building formerly known by another name; however, the University is not obligated to transfer recognition to another facility. If the name of a donor changes, the University may change the name of the facility or entity at the donor's request and expense.

E. While the Board retains its power to accept gifts and to recognize donors in its complete discretion on a case-by-case basis, the Board generally disfavors the naming of buildings, significant landmarks, significant exterior spaces, or colleges, schools or departments in the name of businesses, corporations, or other for-profit commercial enterprises. Any naming approved in the name of a business, corporation, or other for-profit commercial enterprise, should normally include a term limit for the naming, which should generally be a term in the range of five (5) to ten (10) years. If it is anticipated or desired that an exception to this policy should be made, then the

request for an exception should be reviewed with the Chair of the Honorary Degrees and Recognition Committee as early as possible prior to the execution of a naming agreement.

- F. Naming-related signage should be consistent with established campus design standards and conform to the aesthetics of the campus as a whole.
- G. Subject to this Section IV of the Rule, in cases in which it is impractical or undesirable for a donor to make endowment gifts, the Board will allow, upon recommendation of the campus President and Vice President for Advancement, named gifts supported by pledges of annual or periodic contributions to be expended annually for a designated purpose, separate and distinct from gifts to name a facility or program as described in Section IV.A., Items 2 and 3. The naming shall exist for as long as the gifts are received and for the useful life of the fund, and the amount of the annual contribution must be greater than or approximate to the amount that would be annually distributed if the total gifts were endowed. If donations become inadequate to support the designated purpose, the designation will be discontinued.
- H. Unless specifically approved by the Board in its discretion, when considering gifts in which a physical facility, part of a facility, college, school, department, program, or unit will be named, no credit or consideration will be given to past gifts or contributions unless the past gifts or contributions relate directly to the naming opportunity.

V. Acceptance of Gifts

- A. In order to protect the donor and the University, gifts must be accepted either by the Board or by its duly authorized personnel.
- B. The following categories of gifts must be recommended by the Chancellor and President, and approved by formal resolution of the Board.
 - 1. Gifts to establish new endowments. Gifts to create endowments must comply with the minimum standards set forth herein, and investment of endowment funds must comply with Board Rule 404.
 - 2. All named gifts, including gifts conditioned on the naming of a facility, part of a facility, college, school, department, program or unit.
 - 3. Gifts restricted as to investments.
 - 4. Gifts of real property or an interest therein.
 - 5. Gifts of undivided interests.
 - 6. Gift-sales or gifts subject to any encumbrance.
 - 7. Gifts of non-publicly traded stock or otherwise of ownership, membership, or partnership interests for which there is not a ready market, regardless of whether such interests are passive.

8. Gifts which, because of their unusual nature, either present a potential detriment, financial or otherwise, or a serious question as to whether they are within the role and scope of the campuses.

The gifts described in B.1. through B.8. shall be forwarded to the Chancellor for recommendation to the Board or the Executive Committee. If prospective gifts requiring acceptance by the Board appear to contain difficult, unusual, or unique aspects so that ultimate Board acceptance is in question, development officers are encouraged to counsel with the campus Vice President for Advancement to assure that the objectives of both the prospective donor and the Board will be met.

- C. The Executive Committee of the Board may act upon gift recommendations so long as the request for Board approval is submitted by the appropriate recommending body of the institution (which should generally include the President, Chief Development Officer, Chief Financial Officer, Legal Counsel, and other appropriate party/department associated with the gift, i.e. Dean or Athletic Director), and is accompanied by a statement of a ‘compelling reason’ for consideration prior to the next Board meeting. After receipt of a properly submitted request for action prior to the next Board meeting, the submittal will be reviewed within five (5) business days, after which, in the discretion of the Pro tem, The Board Executive Committee may convene a meeting to consider the gift recommendation, or the gift recommendation may be considered and approved through the Board Rule’s signature process.
- D. The Chancellor or the Presidents, or their designated representatives, shall have full authority to accept all gifts not described in paragraph B above, including charitable remainder or lead trusts. Charitable lead trusts, unitrusts, and annuity trusts will be administered in a manner consistent with Internal Revenue Service regulations and the laws of the State of Alabama.

VI. Fundraising Campaigns

- A. Significant, multi-year comprehensive fundraising campaigns or initiatives proposed by the campuses must first be submitted to the Chancellor and the Board for information and approval. A significant, multi-year comprehensive fundraising campaign or initiative is defined as follows:

A major institutional fundraising effort conducted over two or more years which is designed to meet multiple campus needs or priorities and which has a goal of at least \$100 million.

- B. Other fundraising campaigns or initiatives conducted by the campuses which have a goal of at least \$10 million but less than \$100 million will be presented to the Board for informational purposes.

- C. Significant, multi-year comprehensive fundraising campaign plans shall be prepared in accordance with the common and best practices of the professional field of fundraising, and the campuses are encouraged to share these plans with the other campuses for informational purposes at the same time they are submitted to the Chancellor's Office for review and approval by the Board.
- D. In the event that one of the System institutions wishes to undertake any plan of fundraising in which a specific building or definable portions of a specific building would be proposed for naming opportunities, the Board may approve such plan in its entirety in advance.
 - a. By such approval the Board does not intend to preapprove any particular naming.. Rather, in such instances, all proposed namings resulting from the fundraising efforts shall be conditioned on Board approval, and shall be submitted to the Chancellor and the Board for approval in compliance with this Rule 411.
 - b. Such plans of fundraising shall include (1) each space or definable portion of a building to be named; (2) The proposed value of the naming opportunity; and (3) The documentation and calculations necessary to demonstrate that the naming opportunity is in compliance with this Rule 411.
 - c. If a space or definable portion of a building has a change in cost or size that is justified after the Board has approved the project, then the naming will still be allowed as long as the original amount gifted complied with Board Rule 411 at the time of the naming.
 - d.

Board-approved lists of naming opportunities shall become void and of no effect after three (3) years of original Board approval unless it has been re-submitted and reviewed by the Honorary Degrees and Recognition Committee.

VII. Reports to the Board

- A. Each campus, on or before the fifteenth day of each month, shall prepare a report of the previous month's gifts and shall submit the report to the Chancellor for presentation to the Board. The report shall include the names of donors of gifts of \$10,000 or more, or property with a fair market value of \$10,000 or more, and the amount of each gift. The Board requests the campuses to include in the reports the names of donors of gifts of special significance, monetary or otherwise.

Each foundation which provides financial support to the campuses, divisions, and/or programs of The University of Alabama System is requested to provide, to the campus through which it is affiliated, the information necessary for the report.

- B. In addition to the presentation of the reports listed in subsection A of this Rule, the Chancellor may, if he or she deems advisable, consolidate the reports into an annual report for presentation to the Board.

VIII. Acknowledgment of Gifts by Board

The Board at its discretion may adopt a resolution expressing appreciation to any donor recommended by the Chancellor, the President of a campus, or any member of the Board. All such gifts shall be promptly reported to the Chancellor for inclusion on the agenda of the next Board meeting.

IX. Waiver of Board Rule

Upon recommendation of the campus President and Chancellor, the Board may approve such exceptions to the minimum standards and conditions of this Rule, as the Board deems appropriate.

X. Amending, Removing, or Withdrawing any Naming

Notwithstanding anything herein regarding the naming of any endowment, physical facility, part of a facility, building, college, school, department, program, or unit, or anything whatsoever, The Board of Trustees of The University of Alabama, in its sole discretion, may amend, remove, or withdraw any naming, at any time and for any reason.

(Minimum Standards, Acceptance, and Reporting of Gifts adopted May 13, 1978 as Rule 440; amended September 22, 1979. Minimum Standards, Acceptance, and Reporting of Gifts and Use of Gift Revenue adopted September 20, 1984 as Rule 440; amended March 7, 1985, June 22, 1990, and April 21, 1995. Amended and renumbered December 5, 1997; September 23, 2016; April [], 2018.)