

**CITY OF PACIFIC GROVE, CALIFORNIA
COUNCIL POLICY**

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| Bequests and Fungible Donations and Appreciated Real Estate | 100-13 | December 19, 2013 | 1 of 2 |

Purpose. This policy establishes guidelines for the solicitation, receipt, use, and recognition of bequests and other donations. This policy is intended to reassure persons and groups considering donations that the City will invest the proceeds of their gift for the highest and best possible use. This policy is to be used in conjunction with Council Policy 000-10 (Naming Rights).

The City encourages and sincerely appreciates all donations and bequests. If made in conformance with this policy, such gifts are tax deductible. The appropriate use of bequests and other one-time donations ensures that: the community benefits to the greatest extent possible; those persons and groups who make major donations to the City are appropriately recognized; and the City does not use the gift in a manner that creates future liabilities difficult to successfully absorb in the City’s constrained budget.

Financial donations may be made in a number of ways:

- Endowments: Such gifts are invested and preserved for future needs, such as capital improvements, that public funding alone cannot meet.
- Gifts of Appreciated Assets: Through gifts of publicly traded securities such as stocks, bonds, or mutual fund shares, a donor has the advantage of seeing the donation at work helping the City. Gifts of highly appreciated stock or securities provide the donor with a charitable tax deduction, avoidance of capital gains tax, and the satisfaction of helping the City. Donors can also receive similar benefits from gifts of appreciated real estate (e.g. the Poet’s Perch).
- Bequests: A bequest to the City creates a legacy. Many generous donors have considered the City as they prepare or revise their wills.
- Donations: Donors may elect to contribute resources to the City during their life to assist existing City objectives, to encourage new efforts, or to provide incentives to others who choose to assist the City (e.g. challenge grants).

General Guidelines. In conformance with this policy, the City:

1. Encourages bequests and other donations.
2. Will, to the maximum extent reasonable, honor the wishes of each donor. To the extent the donor’s wishes cannot be fully met, the City will work with the donor or his/her heirs or agents to seek agreement on the best course of action.
3. Will separately account for all restricted donations over \$100,000 and invest those sizeable donations in a secure, interest-bearing account until the funds can be appropriately used.
4. Will appropriately acknowledge the gift and honor the donor, unless the donor requests anonymity.

5. Welcomes donations earmarked for a specific purpose or program activity. In general, however, each donation should be free of advance restrictions that must be met prior to receipt by the City (i.e., conditions or requirements should not need to be satisfied by the City before it can receive the donation.)
6. Must be mindful that donations should not be used in such a way as to impose significant long-term costs (e.g., maintenance or replacement) upon the City, unless the donation establishes the endowment to pay for those costs.

Appropriate Uses. When the person or group donating the funds does not fully specify the use of the funds, the following criteria will be followed (in no particular order):

- Aligning with the donor’s interests.
- Aligning with City Council’s priorities.
- Establishing or adding to an endowment.
- Leveraging the gift as matching funds for a grant or similar source of additional funding.
- Jump-starting an effort (e.g., a fund-raising campaign).
- Investing in program areas not likely to otherwise attract funding or for which there is already not a funding stream or reserve.

Uses shall meet one or more of the above criteria; generally, the more non-mutually exclusive criteria that can be met, the better.

In addition, uses should be:

- Meaningful—consistent with our community values.
- Identifiable—not fully subsumed within a larger project.
- Appropriate--enabling the donor to receive appropriate, ongoing recognition (e.g., a named room at the Library).

A single donation may be dedicated for more than one use.

Honoring the Donor

1. The donor of each bequest or other donation will be recognized, proportionate with the size and importance of the donation, but consistent with the donor’s wishes, if expressed.
2. If the donation is used for a construction or purchase of a physical asset, the donation will be honored with a grand opening, ribbon cutting, or the like. For donations meeting the appropriate criteria in the naming guidelines (see Policy 100-11, *Naming Guidelines*), a plaque will also be installed.
3. The donor and gift will be acknowledged with a letter to the donor (usable for tax deduction purposes) and honored on the City’s website, in the City’s annual report, and through social media.

Adopted December 18, 2013 by Minute Action