

**TOWN OF HIGHLAND PARK  
TOWN DONATION POLICY**

**1. Purpose.**

The purposes of this policy are to: (a) provide guidance to ensure the effective review and acceptance of donations by the Town; and (b) to provide guidance to prospective donors and their professional advisors when planning for donations to the Town.

**2. Definitions.**

- A. **Donations.** Donations to the Town may be received from individuals, foundations, corporations, associations and governmental entities. Subject to the provisions of this policy the Town may accept donations in the form of cash (*unrestricted or with specified restrictions*), financial securities (*publicly traded or closely-held*), real estate (*including oil, gas or mineral interests*), tangible personal property (*including public art*), designated interests in a charitable trust (*charitable remainder or charitable lead*), retirement plan or life insurance. Donations may be accepted by the Town for current programs or initiatives, special projects, facilities or endowment.
- B. **Donation Agreement.** This Agreement may be drafted at the direction of the Town Council for any prospective donation; terms and conditions of the Agreement will be at the sole discretion of the Town Council and will be applicable to a specific proposal. Terms and conditions regarding donor recognition will be at the sole discretion of the Town Council.
- C. **Pledge Agreement.** This Agreement may be drafted at the direction of the Town Council for any pledge by donors of future support for the Town (*including by way of matching gift commitments*). Terms and conditions regarding donor recognition will be at the sole discretion of the Town Council.
- D. **Town of Highland Park, Harvey R. “Bum” Bright Library.** For purposes of this policy the facility shall be referenced as the “Highland Park Library.”
- E. **Donation Review Committee.** On an as-needed basis the Mayor may appoint an ad-hoc committee to serve as a Donation Review Committee. The Donation Review Committee would meet for the particular purpose of completing the review of a prospective donation.

**3. Donor Rights and Responsibilities.**

- A. **Fees.** The Town Council will not accept a donation unless the donor is responsible for:
  - 1) Appraisal Fees;
  - 2) Environmental audits and title binders (*in the case of real estate proposals*);

- 3) All other third-party fees and carrying costs associated with the transfer of a prospective donation to the Town.
- B. **Use of Legal Counsel.** The Town shall require prospective donors to seek the assistance of their own legal and financial advisors in matters relating to their donation and the resulting tax and estate planning consequences. The donor is responsible for reviewing the rules covering income tax deductions for charitable donations with their legal and financial advisors, outlined in United States Internal Revenue Service (*hereinafter referred to as the "IRS"*) Publication 526 (*Charitable Contributions*) as it currently exists or is hereinafter amended.
  - C. **Charitable Contribution Deductions.** The donor is responsible for submitting all necessary documentation to the IRS for charitable contribution tax deductions.
  - D. **Assignment of Monetary Value for Tax Purposes.** The donor is responsible for assigning a monetary value to donations for charitable tax deduction purposes and is responsible for achieving compliance with IRS Publication 561 (*Determining the Value of Donated Property*) as it currently exists or is hereinafter amended. At no time shall the Town assign a monetary value to the donation.
    - 1) **Written Acknowledgement of Donation.** For donations accepted by the Town, a written acknowledgement will be provided to the donor by January 31 of the following year. The written acknowledgement will include a description of the accepted donation, confirm that no consideration was provided to the donor, and confirm that the Town is a duly qualified, tax-exempt entity.
  - E. **Maintenance Escrows.** Donors may be required to include as a portion of their donation proposal to the Town an annual escrow of maintenance costs. The Town Administrator will determine the period of coverage for the escrow of maintenance costs, as well as the annual amount to be paid by the donor.
  - F. **Publication of Donation Information.** The name of the donor or any information regarding the details of a donation proposal will not be published without the express written approval of the donor and/or the donor's authorized representative.
  - G. **Confidentiality.** Donor confidentiality is subject to federal and state law.
4. **General Policy.**
    - A. **Transfer of Ownership, Usage and Rights Relating to the Prospective Donation.**

- 1) Transfer of Ownership and Town Disposition Rights. Upon acceptance of the prospective donation the donor shall irrevocably assign, convey and transfer title of the donation to the Town. The donation shall become the sole property of the Town. Donations may be held or sold as circumstances dictate at the time of the donation or sold at a future point in time at the sole discretion of the Town Council.
- 2) Changes to Future Circumstances and Alternative Use of Assets. If all or any portion of the purpose stated for a restricted donation cannot be practically applied, becomes impossible to achieve or wasteful because of unforeseen circumstances, or if the purpose cannot be achieved because of a future change in law, the assets and the net income from the donation (*including net income received from the sale of the donation*) will be distributed for other related purposes that are consistent with Town policies and ordinances. To the extent reasonably practicable, the distributions will stay true to the original intent of the donation in determining alternative use of the funds.
- 3) Town Usage of Donations. Donations accepted by the Town shall only be used for official Town business.
- 4) Partial Acceptance of Donations. If multiple items are included in a proposal, the Town may elect to accept prospective donations on an item-by-item basis.

**B. Administrative Review, Acceptance Authority and Reporting.**

- 1) Town Administrator Review. The Town Administrator shall be notified of all requests for prospective donations subject to this policy and will receive written proposals on behalf of the Town. The Town Administrator or his designee will complete an initial review of the written proposal. A copy of the Town Donation Policy Administrative Review Form is attached hereto as **Exhibit "A"**. The Town Administrator will discuss proposals for prospective donations with the Mayor prior to accepting a donation or initiating the additional review of a proposal.
- 2) Acceptance Authority. The Town Administrator shall have authority to accept donations on behalf of the Town that have an appraised value of \$25,000 or less. The Town Administrator will discuss prospective donations with the Mayor prior to acceptance and will inform the Town Council of all donations accepted with a value of more than \$250. The Town Administrator will coordinate the Town Council's consideration and approval of proposals that exceed an appraised value of \$25,000.

**C. Donation Review Committee Process for Prospective Donations.** The Donation Review Committee will assist the Town by reviewing an assigned prospective donation.

- 1) Review Process. The means and methods for completing the review process will be at the sole discretion of the Donation Review Committee.

- 2) Recommendation to Mayor. Upon completion the Donation Review Committee will provide the Mayor a written recommendation regarding the Town's acceptance of the donation. The Town Administrator will coordinate the consideration and approval of the donation by the Town Council.

D. **Donation Review Criteria.** The review criteria established herein are intended to be general guidelines and the Donation Review Committee will determine the applicability of the review criteria to specific proposals. The Donation Review Committee will include in their review, but is not limited to, the following considerations:

- 1) Intent and Purpose.

- a. Confirmation that the prospective donation is intended to achieve a public purpose;
- b. The proposal meets the donation criteria established herein;
- c. The proposal furthers the mission and objectives of the Town;
- d. The proposal is consistent with Federal and State Law;
- e. The proposal is consistent with Town Ordinance;
- f. The proposal does not have a political or commercial intent.

- 2) Administrative Requirements.

- a. The proposal includes a prospective donation that has an appraised value exceeding \$25,000 or the Town Administrator has requested that a Donation Review Committee review the proposal;
- b. The proposal has been submitted to the Town in writing;
- c. The proposal states the intent and purpose of the prospective donation and identifies the added value to the Town upon accepting the donation;
- d. The proposal identifies the donor and provides sufficient biographical information;
- e. The proposal includes sufficient biographical information regarding the creator (artist), including a curriculum vitae (CV) for the creator (artist) and additional supporting materials regarding their portfolio.

- 3) Quality Considerations.

- a. The proposal is appropriate for the Town;
  - b. The proposal does not (*currently or at some point in the future*) potentially diminish the reputation of the Town;
  - c. The proposal contributes to and enhances the Town's current facilities, inventories and/or collection;
  - d. The proposal reflects a high standard of quality, appropriate for placement in the Town's public spaces;
  - e. The prospective donation will be assessed to determine the marketability of real property, tangible personal property or the prospective donation of securities.
- 4) Fiscal Notes. Prospective donations will be assessed to determine the following:
- a. If the proposal requires support for a program that the Town Council may be unwilling to continue when the donation of funds is exhausted;
  - b. If acceptance of the proposal includes ancillary or ongoing costs for the Town;
  - c. If the proposal requires the employment of additional personnel;
  - d. If acceptance of the proposal includes carrying costs (*including but not limited to insurance, property taxes, mortgages, notes, continuation on the payment of premiums, etc.*), tax considerations and possible financial liability for the Town;
  - e. If a proposed property donation has extended liabilities, encumbrances, leases, deed restrictions, reservations, easements, encroachments or liens that would potentially limit use of the property;
  - f. If the Town is exposed to current or future environmental liability by assuming the ownership of a proposed property donation;
  - g. If the proposal includes restrictions on the donation that would prevent the Town from ultimately converting the donation to cash;
- 5) Public Safety and Liability Considerations.
- a. The prospective donation will be assessed for long-term durability against theft, vandalism and environmental considerations (*including but not limited to weather*

*considerations, lighting considerations, indoor and outdoor climate considerations, etc.);*

- b. The proposal includes a prospective donation that does not present public safety concerns for the Town or potential liabilities for the Town.
- 6) Proposed Location and Site Planning Considerations.
- a. The proposal includes a recommended site location that is on Town property;
  - b. The proposal includes a defined timeline for development and installation;
  - c. The proposal includes a site plan highlighting the proposed location and includes photographs for both the proposed location and the surrounding environment;
  - d. The proposal includes a prospective donation that is deemed appropriate for the proposed facility location and its surroundings, complementing the facility's architecture and history;
  - e. The proposal includes a visual representation of the prospective donation, including but not limited to drawings, specifications, photographs, renderings and models of the proposed work that indicate scale and material selection.
- 7) Maintenance Considerations.
- a. The proposal includes the submission of a maintenance plan, accepting the premise that no Town funds will be required for production, siting, installation or ongoing maintenance of the donation without the approval of the Town Council;
  - b. The proposal includes the provision of an annual escrow for maintenance costs.

**E. Additional Policy Considerations.**

- 1) In-Kind Donations. In-Kind Donations that are accompanied by an appraisal performed by a qualified independent appraiser shall be valued accordingly. In-Kind Donations of an undetermined value will be recorded at One-Dollar (\$1.00) and acknowledged as received with no value added.
  - a. Location and placement of In-Kind Donations shall be at the sole discretion of the Town.

- 2) Donations to the Highland Park Library. Donations intended for the Highland Park Library shall continue to be subject to the Highland Park Library Policy Statements as they currently exist or are hereinafter amended.
- 3) Policy Regarding Specific Types of Donation.
  - a. Unrestricted Cash Donations. The Town may directly accept unrestricted cash donations subject to the provisions of this policy and provided that the donation is intended to achieve a public purpose. Prior to accepting an unrestricted cash donation, the identity of the donor shall be vetted with respect to any reputational or policy issues. The costs for completing the vetting function shall be the responsibility of the Town. The Town Administrator or his designee will review the proposal and may discuss with the Mayor prior to administrative acceptance or initiating the review process by a Donation Review Committee.
  - b. Restricted Donations. The Town may directly accept restricted donations (*including restricted cash donations*) subject to the provisions of this policy and provided that the donation is intended to achieve a public purpose. The Town Administrator or his designee will review the proposed donor restrictions and may discuss the proposal with the Mayor prior to administrative acceptance or initiating the review process by a Donation Review Committee.
  - c. Real Estate and Oil, Gas and Mineral Interests. Subject to Town Council approval, donations of real property may include developed property, undeveloped property, donations of property subject to a prior life interest or donations of oil, gas and mineral interests.
    - i. Appraisal. Prior to the acceptance of real estate, the Town shall require a valid appraisal of the property performed by a qualified independent appraiser. The cost of the appraisal shall be an expense of the donor.
    - ii. Environmental Review. Prior to the acceptance of real estate donations, the Town may require an initial environmental review of the property to ensure that the property has no environmental problem. If the initial inspection reveals a potential environmental problem the Town may retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental review and the environmental audit (*if required by the Town*) shall be an expense of the donor.
    - iii. Title Binder. A title binder may be obtained by the Town prior to the acceptance of the real estate donation. The cost of this title binder shall be an expense of the donor.
    - iv. Transfer of Title. Transfer of title for the property to the Town shall be in a format specified by the Town Attorney.

- v. *Remainder Interests in Property.* Subject to approval by the Town Council, the donor or other occupants may continue to occupy real estate for the duration of the stated life. At the death of the life tenant(s), the Town may use the property or reduce it to cash. Expenses for maintenance, real estate taxes and any property indebtedness shall be paid by the donor or the primary beneficiary.
  - vi. *Oil, Gas and Mineral Interests.* The proposal should not have extended liabilities or encumbrances on the surrounding surface property (*including but not limited to liens, deed restrictions, easements or encroachments*) that potentially limit the use of the oil, gas and mineral interests or make receipt of the donation inappropriate.
- d. *Public Art.* The Town Administrator or his designee will receive written proposals for prospective donations of public art (*including sculptures for public display*) submitted by a sponsor or co-sponsors and will discuss with the Mayor prior to initiating the review process by a Donation Review Committee. Donations of public art may be held or sold as circumstances dictate at the time of the donation or sold at a future point in time at the sole discretion of the Town Council.
- e. *Memorial Tree Donations.* The Town Services Department (*as currently defined or hereinafter amended*) shall be responsible for the administration, planning and operations of the Memorial Tree Donation program.
- i. *Maintenance of the Current Inventory.* The Town Services Department shall be responsible for the maintenance of memorial tree donations.
  - ii. *Identification of Memorial Tree Locations.* Memorial tree donations will be permitted pending an approved location by the Town Services Department. The Town Services Department may also determine at any time that no appropriate locations are currently available.
  - iii. *Memorial Tree Donation program cost.* Fees include the memorial tree donation and all appurtenances thereto. The cost of a memorial tree donation is determined from time to time by the Town Administrator to defray materials, installation and labor.
  - iv. *Additional Considerations.*
    - a) The type of tree selected for installation shall be at the sole discretion of the Town Services Department.
    - b) Location and placement of memorial tree donations are at the sole discretion of the Town Services Department.

- c) The Town Services Department may work with prospective donors to solicit donations to be directed towards a maintenance escrow account for maintenance of the Town's current tree inventory.
  
- f. Marketable (Publicly-Traded) Securities. Subject to the provisions of this policy and Town Council approval, the Town may directly accept donations of publicly traded securities. Unrestricted marketable securities are to be valued at the average market value on the date the full interest in the transferred property is received.
  
- g. Private (Closely-Held) Securities. Subject to the provisions of this policy and Town Council approval, the Town may directly accept donations of closely-held securities (including debt and equity positions in non-publicly traded companies, interest in Limited Liability Partnerships (LLPs), Limited Liability Corporations (LLCs) or other ownership form). Donations of closely-held corporate stock will be valued based on a qualified independent appraisal at the time of transfer.
  
- h. Charitable Remainder Trusts. Subject to Town Council approval the Town may accept designations as remainder beneficiary of a charitable remainder trust. The Town shall not accept an appointment as trustee of a charitable remainder trust.
  
- i. Charitable Lead Trusts. Subject to Town Council approval the Town may accept the designation as a remainder beneficiary of a charitable lead trust. The Town shall not accept an appointment as trustee of a charitable lead trust.
  
- j. Retirement Plan Beneficiary Designations. Subject to Town Council approval the Town may accept designations as beneficiary of donor's retirement plans. Designations will not be recorded as a donation until the donation is irrevocable.
  
- k. Life Insurance. Subject to Town Council approval the Town may accept designation as beneficiary and owner of a life insurance policy. The life insurance policy will be recorded as a donation once the Town is named as both the beneficiary and irrevocable owner of a life insurance policy.
  - i. Premiums. If the donor contributes future premium payments, the Town will include the entire amount of the additional premium payment as a donation in the year that it is made. If the donor does not elect to continue to make donations to cover premium payments on the life insurance policy, the Town Council may direct:
    - a) To continue the payment of premiums;
    - b) Conversion of the policy to paid up insurance; or
    - c) Surrender the policy for its current cash value.

**EXHIBIT "A"**  
**TOWN DONATION POLICY ADMINISTRATIVE REVIEW FORM**



**TOWN OF HIGHLAND PARK**  
**TOWN DONATION POLICY**  
**ADMINISTRATIVE REVIEW FORM**

**1. Summary Information.**

Donation Summary:

Written Proposal Attached:  Yes  No

Donor Information Included:  Yes  No

Supplemental Information for Creator (*Artist*) Included:  Yes  No

**2. Fiscal Notes.**

Donation Valuation: \_\_\_\_\_

Method of Valuation: \_\_\_\_\_

Valuation Documentation Attached:  Yes  No

Summary of Donation Conditions / Restrictions / Stipulations:

**EXHIBIT "A"**  
**TOWN DONATION POLICY ADMINISTRATIVE REVIEW FORM**

Maintenance Costs Included in Proposal:  Yes  No

Proposal Estimate, Annual Maintenance Costs:

Property Due Diligence Completed:  Yes  No  Pending

Environmental Due Diligence Completed:  Yes  No  Pending

**3. Proposed Location and Site Planning.**

Recommended Site Location:  Yes  No

Recommended Site Location on Town Property:  Yes  No

Timeline Included for Development / Installation:  Yes  No  Pending

Site Plan Included with Supporting Materials:  Yes  No

Specifications / Plans / Drawings / Photographs:  Yes  No

**4. Proposal Review, Administrative Comments:**