RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF LITTLE ROCK, ARKANSAS, ADOPTING A GIFT ACCEPTANCE POLICY FOR THE CITY OF LITTLE ROCK; AND FOR OTHER PURPOSES.

WHEREAS, the City of Little Rock ("City") from time to time receives offers of gifts, donations, and contributions of money, real property, personal property, and services from individuals, corporations, foundations, and other entities; and,

WHEREAS, the City has not previously adopted a formal Gift Acceptance Policy establishing consistent guidelines and procedures for the acceptance of such gifts, including definitions, approval authority thresholds, donor vetting and due diligence requirements, and procedures for tax reporting and acknowledgment; and,

WHEREAS, as the City continues to grow and receives an increasing volume and variety of gifts across multiple departments, the Board of Directors finds it necessary to establish a consistent, efficient, and uniformly applied Gift Acceptance Policy across all City departments; and,

WHEREAS, the policy was developed from the ground up by a collaborative team of City staff, including Joycelin Randle, Chief of Staff, Executive Administration; Lynette Perez, Chief Deputy City Attorney; Shawn Overton, Senior Deputy City Attorney – Real Estate, City Attorney's Office; Susan Altrui, Zoo Director; and Leland Couch, Parks Director; and

WHEREAS, in developing the policy, City staff researched the gift acceptance policies and practices of other municipalities and public universities to identify best practices applicable to the City's operations; and,

WHEREAS, the policy establishes a monetary threshold of $50,000 or more defining a "Major Gift," authorizes the City Manager to accept gifts without Board of Directors' approval up to $50,000, and requires Board of Directors' approval for monetary gifts of $50,000 or more; and,

WHEREAS, the Board of Directors finds it is in the best interest of the City to adopt the Gift Acceptance Policy attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF LITTLE ROCK, ARKANSAS:

Section 1. The Gift Acceptance Policy, attached hereto and incorporated herein as Exhibit A, is hereby adopted as the City's official policy governing the acceptance of gifts, donations, and contributions.

Section 2. The City Manager, or designee, is authorized to implement the Gift Acceptance Policy, including the preparation of any forms, procedures, or administrative guidance necessary to carry out its provisions.

Section 3. This Resolution shall take effect immediately upon its adoption.

ADOPTED: July 21, 2026

ATTEST:

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Allison Segars, City Clerk

APPROVED:

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Frank Scott, Jr., Mayor

APPROVED AS TO LEGAL FORM:

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Thomas M. Carpenter, City Attorney

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EXHIBIT A

CITY OF LITTLE ROCK GIFT ACCEPTANCE POLICY

I. Purpose and Scope:

This policy establishes guidelines and procedures for the acceptance of major gifts, donations, and contributions to the City of Little Rock ("City"). The purpose of this policy is to:

a. Ensure consistent and transparent handling of gifts across all City departments;
b. Protect the City's interests and reputation;
c. Provide clarity to donors regarding tax deductibility;
d. Establish appropriate due diligence and vetting procedures;
e. Define approval authority thresholds;
f. Ensure gifts align with City goals and do not create unacceptable obligations or risks; and
g. Ensure all gifts are compliant with applicable City laws, policies, ordinances, and resolutions.

This policy applies to all gifts of money, property, services, or other items of value offered to the City, with particular focus on "major gifts" as defined herein.

II. Definitions:

1. "Gift" or "donation" means any voluntary transfer of money, property, services, or other items of value without consideration, made for exclusively public purposes. Donations may be Restricted or Unrestricted.'

2. "Major Gift" means:

a. Monetary donations of $50,000 or more;
b. Real property of any value;
c. Personal property with an estimated fair market value of $50,000 or more;
d. Any gift with restrictions, conditions, or ongoing obligations; and
e. Any gift that would require City resources for maintenance, operation, or administration exceeding $50,000 annually.

3. "Donor" means any individual, corporation, foundation, organization, or other entity offering a gift to the City.

4. "Restricted Donation" means donations or gifts designated in writing by the donor for a specific City department, location, or purpose. It also means donations or gifts received for specific programs or activities established by the City. The receiving department has the responsibility to ensure the restrictions placed upon the donation are fulfilled.

5. "Unrestricted Donation" means a donation to the City without any limitations being placed upon its use. Unrestricted donations shall be recorded in the City's General Fund.

III. General Principles:

This policy is intended to guide the way City staff accept donations or gifts on behalf of the City.

a. The Finance Department shall be notified of any donation requests to ensure the donation meets State law requirements and is included in any annual audits of the City's financial records;
b. Donations do not become the property of the City until accepted by the City consistent with this policy. Once a donation has been accepted by the City the donation is final;

c. Only City officials authorized by this policy may accept donations;
d. The City has no obligation to accept any donation proposed by a donor;
e. All donations will be evaluated by the City prior to acceptance to determine whether the donation is in the City's best interest and is consistent with the applicable City laws, policies, ordinances, and resolutions. This evaluation shall include a review and must be approved by the Finance Department to ensure proper financial reporting;
f. The City shall not provide legal, accounting, tax, or other such advice to donors.' Each donor is responsible for ensuring the proposed donation meets and furthers the donor's charitable, financial, and estate planning goals.' As such, each donor is encouraged to meet with a professional advisor before making any donation to the City;
g. The City must determine whether an expenditure of City funds, either a direct outlay of City funds or the use of City staff or materials, is required by the acceptance of the donation prior to acceptance;
h. The donation must be used for official City business;
i. A donor may restrict a donation to a particular City department, location, or purpose, but may not designate the City official or employee who may use the donation;
j. The Beneficiary Department Director shall acknowledge receipt of the donation and shall thank all donors, on behalf of the City;
k. The City shall comply with all applicable laws and regulations of the Internal Revenue Service regarding the acceptance of donations;
l. Donations or gifts received or accepted by the Mayor, Board of Directors, or given by appointed officials from representatives of foreign or domestic governments, business leaders, Sister Cities and their affiliates, or other parties intending to express appreciation or foster diplomatic exchange and goodwill or symbolize a significant event or relationship with the City shall be exempt from this policy; and
m. Once the City accepts a donation, the gift becomes the property of the City and will not be returned except in conformance with this policy or applicable law.

IV. <u>Tax Deductibility:</u>

1. General Rule: Donations to the City of Little Rock are tax-deductible under Internal Revenue Code Section 170(c)(1), which provides that contributions to governmental units are deductible if made for exclusively public purposes.

2. The City does not have and is not required to obtain 501(c)(3) status. As a political subdivision, the City is inherently tax-exempt, and contributions made to it for public purposes are tax deductible to donors.

3. Donor Responsibility: Donors are solely responsible for determining the tax deductibility and valuation of their gifts. The City shall not provide tax advice or appraisals to donors.

4. Written Acknowledgment: For gifts exceeding $50,000 the City shall provide donors with written acknowledgment containing:

a. The name of the City of Little Rock as recipient;

b. The date of the contribution;
c. A description of the contribution;
d. A statement indicating whether any goods or services were provided in return for the contribution; and
e. If goods or services were provided, a description and good faith estimate of their value.

5. The City may request from the IRS a "Governmental Information Letter" (Letter 4076C) for distribution to potential donors or donors who request documentation of the City's tax status.

V. <u>Donor Vetting and Due Diligence:</u>

1. Risk Assessment: All gifts shall be subject to appropriate due diligence commensurate with the size, nature, and potential risk of the gift.

2. Screening Requirements:

1. Prohibited Donors:

The City shall not knowingly accept gifts from:

a. Individuals or entities on the Office of Foreign Assets Control (OFAC) sanctions list or other government watch lists;
b. Individuals or entities known to be associated with terrorism, organized crime, or other serious criminal activity;
c. Donations from any individual or entity will be declined if their acceptance would violate federal, state, or local law;
d. Donations from any individual or entity will be declined if their acceptance would create a conflict of interest under applicable ethics rules.

2. For all gifts, the receiving department shall, at a minimum:

a. Obtain the donor's legal name and address;
b. Conduct a basic internet search regarding the donor; and
c. Screen the donor against publicly available sanctions lists, including, but not limited to:

1) U.S. Department of Treasury Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) List;

2) FBI Most Wanted Lists; and

3) State and federal sex offender registries (when relevant to program area).

3. For gifts of $50,000 or more, or any gift with reputational risk, additional due diligence shall include, at a minimum, by the Beneficiary Department:

a. Review of donor's background and source of funds, if reasonably available;
b. Assessment of donor's known affiliations or connections that may present reputational risk; and
c. Determination of whether acceptance would create appearance of impropriety or conflict of interest;

4. For gifts of $100,000 or more or gifts from foreign entities, the City Attorney Office at a minimum shall conduct:

   a. Enhanced screening as determined by the City Attorney; and
   b. Consultation with appropriate federal or state authorities if concerns arise.

5. Anonymous Gifts:

   a. Anonymous gifts may be accepted following appropriate due diligence;
   b. For anonymous gifts exceeding $10,000, the receiving department shall make reasonable efforts to ascertain donor identity through the intermediary or payment processor;
   c. If the donor’s identity cannot be determined and the gift raises concerns, it may be declined.

6. Documentation:

   a. All vetting and due diligence activities shall be documented, and the records shall be’ retained in accordance with the applicable department’s retention policies.

V. <u>Gift Acceptance and Authority:</u>

1. City Manager Authority:

The City Manager may review, accept, or decline the following gifts without the Board of Directors’ approval:

   a. Personal property (non-real estate) with a fair market value of up to $50,000;
   b. Services with an estimated value of up to $50,000; and
   c. Gifts with no restrictions, conditions, or ongoing maintenance obligations with a value of below $50,000.

2. Board of Directors’ Authority:

The following gifts require the Board of Directors’ approval:

   a. Monetary gifts of $50,000.00 or more;
   b. All gifts of real property;
   c. Any gift with restrictions, naming rights, or conditions that limit the City’s discretion of the use of the donation;
   d. Any gift recommended for declination by the City Attorney; and
   e. Any gift presenting unusual circumstances or significant reputational risk.

3. Department Director Authority:

Department directors may accept minor gifts (those with a value of less than $5,000) for’ their departments without City Manager approval, provided the gifts:

   a. Have no restrictions or conditions;
   b. Are appropriate for the department’s mission;
   c. Create no ongoing obligations; and
   d. Pass basic screening requirements.

VI. <u>Types of Gifts:</u>

1. Cash and Monetary Gifts:

a. May be accepted via check, money order, wire transfer, or credit card;
b. Large cash payments above $10,000 must comply with IRS reporting requirements;
c. Cryptocurrency donations require the Board of Director's approval and shall be converted to cash promptly.

2. Real Property:

All donations of real property may be considered for approval by the Board of Directors upon completion of the following process:

a. All real property donations must be approved by the Board of Directors by a Resolution pursuant to state law;
b. When seeking Board of Directors' approval, the application for donation must' contain the following:
    1) The appraised value of the donation based upon an appraisal report that must be completed within ninety (90) days prior to Board of Directors presentation;
    2) A title search that must be completed within thirty (30) days prior to Board of Directors presentation. The title company will do an updated title search at closing; and
    3) A written explanation detailing any expenditure or maintenance obligations for the City associated with the short-term and long-term ownership of the donation;
c. The donor must provide a phase 1 environmental assessment for the Board of Directors' consideration. This phase 1 environmental assessment must be completed within' ninety (90) days prior to the presentation to Board of Directors;
d. If there are issues regarding boundaries the donor may be required to provide a survey.

3. Personal Property:

a. Personal property donations must be useful for City purposes or readily convertible to cash;
b. The City may decline:
    1) Property requiring expensive maintenance or storage;
    2) Property that is obsolete or unmarketable;
    3) Property with restrictions preventing its use or sale; and
    4) Any item(s) that conflict with City policy, applicable law, or are not in the City's best interests.
c. Artwork, historical items, or unique property requires Board of Directors' approval;

4. Vehicles:

a. Must be evaluated for City use or auction potential;
b. Assessment must include review of the vehicle's condition, safety, maintenance costs, and title status;
c. If accepted, the City will provide the donor with a Form 1098-C as required by IRS.

5. Securities/Stocks:

a. Publicly traded securities may be accepted;

b. Such items must be liquidated promptly unless the Board of Directors determines otherwise;
c. Restricted stock requires the Board of Directors' approval and legal review.

6. Services:

a. Donated professional services must be documented with the estimated market value;
b. Such services must not displace paid City employees;
c. Donors must meet any applicable professional licensing and insurance requirements.

VII. <u>Gift Restrictions and Conditions:</u>

1. Unrestricted vs. Restricted Donations:

a. The City encourages unrestricted gifts that may be used for any legitimate public purpose;
b. Restricted gifts specifying particular uses may be accepted if the restrictions:
    1) Are consistent with City priorities and legal authority;
    2) Do not impose unacceptable administrative burdens;
    3) Can reasonably be fulfilled; and
    4) Are clearly documented in a gift agreement.

2. Naming Rights:

a. Naming opportunities may be offered for major gifts;
b. All naming rights require the Board of Directors' approval.
c. The City reserves the right to:
    1) Establish a minimum gift level for naming rights;
    2) Limit the duration of naming rights; and
    3) Remove names if the donor or the person named subsequently engages in conduct that would bring disrepute to the City.
d. No facility or program may be named after any individual or group that has advocated, sponsored, or committed acts of terrorism or other serious crime.

3. Unacceptable Restrictions:

The City shall decline gifts that:

a. Violate federal, state, or local law;
b. Discriminate based on race, color, creed, religion, sex, national origin, age, disability, marital status, sexual orientation, gender identity, genetic information, veteran's status, or political opinion;
c. Require the City to advance partisan political purposes;
d. Impose perpetual or unreasonably long-term restrictions;
e. Require the City to maintain property in a manner beyond its resources; or
f. Conflict with City policies, plans, or priorities.

VIII. <u>Gift Acceptance Process:</u>

1. All gifts meeting the definition of “major gift” above shall be reported to the applicable department director’s if any, and the City Manager’s Office using the Gift Acceptance Form (Exhibit A).

2. The receiving departments, or City Manager’s Office as applicable shall:

   a. Complete initial vetting and screening;
   b. Assess the gift’s value and usefulness;
   c. Identify any costs, risks, or obligations;
   d. Coordinate with the City Attorney’s Office for legal review; and
   e. Prepare recommendation for acceptance or declination.

3. The City Attorney’s Office shall review all major gifts for:

   a. Legal authority of the City to accept the donation;
   b. Compliance with this City policy;
   c. Potential conflicts of interest;
   d. Adequacy of the receiving department’s vetting; and
   e. Acceptability and feasibility of any restrictions or conditions.

4. For gifts requiring the Board of Directors’ approval, the City Manager shall present the gift to the Board of Directors with a recommendation.

5. The City Clerk shall maintain records of all accepted and declined major gifts.

IX. <u>Acknowledgement and Recognition:</u>

a. All gifts shall be acknowledged in writing within thirty (30) days of acceptance.

b. The City may recognize donors through:

   1) Thank you letters;
   2) Public acknowledgment at Board of Directors’ meetings;
   3) Recognition plaques or signage (as appropriate);
   4) Inclusion in annual reports or donor lists (unless the donor requests anonymity); or
   5) Naming rights (subject to Section VII (2)).

a. Donors may request anonymity, and such requests shall be honored except where disclosure is required by law.

X. <u>Declining Gifts:</u>

1. The City reserves the right to decline any gift, particularly one that:

   a. Does not serve a public purpose;
   b. Creates an unacceptable liability or obligation;
   c. Conflicts with City policies or priorities;
   d. Comes from a prohibited source;
   e. Presents a reputational risk to the City;
   f. Cannot be properly administered or maintained; or
   g. As provided elsewhere herein.

2. The City reserves the right to refuse any donation at any time and without cause.

3. Declined gifts shall be handled diplomatically, and donors should be thanked for their consideration.

4. When appropriate, the City may suggest alternative organizations that might accept the gift.

XI. Ethical Considerations:

1. City officials and employees shall not:

   a. Accept personal gifts from donors in connection with their official duties;
   b. Solicit gifts that benefit them personally;
   c. Accept gifts that create or appear to create conflicts of interest;
   d. Use their official position to pressure individuals or entities to make gifts.

2. Gifts from City vendors, contractors, or parties with pending business before the City shall be subject to heightened scrutiny and ethics review.

3. All gift acceptance decisions shall be made in the public interest, free from self-dealing or favoritism.

XII. Administration and Review:

1. The City Manager or designee shall coordinate gift acceptance activities and maintain centralized records.

2. The City Attorney's Office shall provide legal guidance and review as required herein and as needed.

3. This policy shall be reviewed and updated at least every three (3) years, or more frequently as needed.

4. The City Manager shall report annually to the Board of Directors on major gifts received during the preceding year.

XIII. Exceptions:

Any exception to this policy requires the Board of Directors' approval, on the recommendation of the City Manager and with counsel from the City Attorney.

XIV. Persona Non Grata:

1. Persona Non Grata Definition:

For the purposes of this policy, *persona non grata* refers to any individual or entity whose actions, behavior, or affiliations have been deemed detrimental to the safety, well-being, or reputation of the City, its elected officials, employees, or the community it serves.

2. Right to Decline Donations:

   a. The City reserves the right to decline any donation from a *persona non grata.*
   b. If an individual or entity is designated as *persona non grata* after a donation has been accepted, the City reserves the right to rescind the donation and any recognition thereof which may include the removal donor's name or name of the donor's choosing from City property. If the donation consisted of personal or real property, the City reserves the right to return the personal or real property to the donor pursuant to a Resolution.

3. Review Process:

   a. The City Manager shall review and approve any *persona non grata* designation;

b. Affected parties shall be notified in writing of their status and the implications for the acceptance or the revocation of a donation.

4. Exceptions:

In rare cases, the Board of Directors may reconsider a *persona non grata* designation if substantial evidence of changed circumstances is presented.

XV. <u>Grant and Funding Compliance:</u>

1. Coordination with the City's Finance Department, Grants Division:

Any donation, contribution, sponsorship, or in-kind support ("contribution") associated with a federal, state, or pass-through grant-funded project shall be reviewed by the Grants Division prior to acceptance to determine:

a. The eligibility of the contribution under the applicable award terms and conditions;
b. Whether the contribution will qualify as match, leverage, or cost share;
c. Whether acceptance of the contribution could create supplanting concerns;
d. Whether the contribution creates program implications;
e. Whether the contribution conflicts with procurement requirements under 2 C.F.R. Part 200; and
f. Whether additional federal approvals are required.

2. Match and Cost Share Documentation:
When donations are intended to satisfy grant match or cost share requirements:

a. The receiving department shall maintain sufficient documentation to support the contribution's valuation, allowability, and reasonableness;
b. In-kind contributions shall be documented pursuant to 2 C.F.R. § 200.306;
c. Volunteer services, donated property, donated supplies, and third-party contributions must be properly valued and supported by documentation;
d. The Grants Division shall determine whether the contributions are allowable for reimbursement or match purposes prior to reporting the contribution to the grantor.

3. Prohibition on Circumvention of Procurement Requirements:
Donations shall not be accepted in a manner that circumvents federal, state, or local procurement requirements.
<u>Examples:</u>

a. A donor cannot donate "gift" of equipment tied to a sole-source vendor expectation of an award of a contract;
b. A contractor cannot donate goods or services in exchange for preferential treatment.

4. Grant-Funded Asset Tracking:

Any donated property, equipment, technology, or other item used in a grant-funded program shall:

a. Be inventoried in accordance with City asset management procedures;
b. Be tracked consistently with applicable federal property management procedures; and
c. Remain subject to grant disposition requirements if purchased, improved, or integrated with federal funds.

XVI. <u>Financial Administration:</u>

a. All monetary donations shall be deposited through the City's Finance Department;
b. Restricted Donations shall be accounted for separately;

c. Grant-related donations shall utilize unique project or fund accounting codes where applicable;

d. Departments may not establish independent bank accounts for donations without the Board of Directors' approval.

XVII. <u>Information Technology Administration:</u>

Any donation involving software, cybersecurity systems, surveillance technology, cloud platforms, artificial intelligence tools, data systems, or network-connected devices shall be reviewed by the City Information Technology Department and any applicable public safety technology governance process prior to acceptance