

**J. V. Fletcher Library
Trust Funds
Investment Policies, Goals, Strategies & Restrictions**

BOARD.4

The Board of Trustees of the J. V. Fletcher Library (hereinafter referred to as the Board) is legally responsible for the management of trust funds donated to the Library and to the Trustees by grateful and civic-minded individuals and organizations wishing to contribute to the Westford public library. These assets were given with the intent to enrich and enhance the quality of Library services for this and future generations. They were not intended to be used to replace Town funds required for normal operation of the Library, funds allocated through the municipal budgetary process. The Board shall adhere to this well-established principle.

I. "CASH TRUST" FUND POLICIES, GOALS, STRATEGY, EXPENDITURES AND FUND IDENTIFICATION

The Board administers seven "cash trust" funds created from bequests, gifts and sale of physical assets. The uses allowed for each fund's principal and income are controlled by a variety of restrictions placed upon the funds by the original grantors. The authorization of the majority of the Board and the signature of the Board Treasurer shall be required for any withdrawal, deposit and expenditure of these trust funds.

A. INVESTMENT GOALS [See Strategies and Guidelines below]

The primary investment goal of the seven cash trust funds is the preservation of capital; the secondary goal is to produce income.

In keeping with the goals, the Board under the leadership of the Board Treasurer shall seek out and recommend investment in conservative suitable financial instruments by the Board.

To prevent the deterioration of value due to inflation, the Trustees shall consider investing a portion of the income into that portion of the fund which is not expendable.

B. INVESTMENT STATUS (updated 7.2016)

By Board vote on 11/4/2002, these six cash trust funds were pooled for investment purposes with Westford Town monies, e.g., the Stabilization Fund. By the same vote, the Board delegated the administration with choice of investment instruments and institutions to the Westford Town Finance Director or his/her designee. In June 2016, by Board vote on 6/6/2016, the Benefactors Fund was converted to cash and was added to the Town investment pool, placing all Trust Funds in one location. Notwithstanding, the Board reserves the right to withdraw these funds from the Town investment pool and to invest them independently as permitted by Massachusetts General Law.

Town funds are currently invested at Bartholomew and Company, Inc. (as of 6/2008). Monthly statements are sent to the Town Treasurer/Collector and are forwarded to the Library Director.

The cash funds shall be accounted and reported separately by the investment institution(s) and shall be reconciled with records maintained by the Board Treasurer or his/her designee, the Library Director.

The cash trust funds shall be audited annually by an independent agency.

C. INVESTMENT STRATEGIES AND GUIDELINES

1. The current investment horizon is 7-9 years; thus the emphasis is on long-term investment not influenced by short-term market fluctuations.
2. Any Trustee investment portfolio shall consist of a generally high quality and broadly diversified list of securities with the following asset allocation guideline:
 - a. 0 to 15% cash
 - b. 35 to 70% investment grade bond and CDs
 - c. 15 to 40% quality equities mutual and/or exchange traded funds.
3. Dividends and interest shall be re-invested.
4. The Board Treasurer, after consultation with a certified investment advisor engaged by the Board, shall quarterly update the Board concerning fund performance and make portfolio change recommendations if need be for Board approval.
5. Biennially, the Board of Library Trustees shall evaluate and review its Investment Advisor services.

6. Standards of Care

The standard of prudence to be used by the Trustees shall be the "Prudent Person" standard and shall be applied in the context of managing an overall portfolio. The Trustees acting in accordance with written procedures, and this investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this policy. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs; not for speculation but for investment considering the probable safety of their capital as well as the probable income to be derived.

D. EXPENDITURES AND RESTRICTIONS

Expendable Trust funds shall generally be used for the following prioritized purposes:

1. The purpose stated in the gift instrument, or the purpose for which the fund was created, e.g., the Rainville Continuing Education Fund
2. To uphold or retain Commonwealth Public Library certification levels, e.g., meeting the Materials Requirement
3. To support or enhance library service programs
4. To support the enhancement or expansion of the physical library

E. FUND IDENTIFICATION

1. Fund #672, Library Trustee Fund:

Purpose: For any purpose deemed worthwhile by the Board, but especially for preservation and conservation of collections and assets; created from the sale of assets. The principal is fully expendable upon two-thirds vote of the Board. Income (interest and dividends) may be expended or reinvested.

Historical Notes: Donors include: Priscilla Chapin.

2. Fund #673, All-Purpose Fund:

Purpose: For any purpose deemed worthwhile by the Board; created from undesignated gifts of donors. The principal is not expendable. Income (interest and dividends) may be expended or reinvested.

Historical Notes: Donors include: Albert Prescott, William R. Taylor, Martha Symmes, Grace, Eli and Mary Burbeck, Eleanor Louise Armstrong.

3. Fund #674, Book Fund:

Purpose: For purchase of books, media, art works and related materials; created from designated donor gifts for the purchase of print and non-print collections. The principal is not expendable. Income (interest and dividends) may be expended or reinvested.

Historical Notes: Donors include: Anne C. Bicknell, Frederick A., John and Adline Burbeck, William J. Burbeck, Augustus Fletcher, Mary Laws, John M. Osgood, Stephen Stone, Jennie Reed Wilkins, Charles Colburn, Rodel Proia.

4. Fund #675, Lecture Trust Fund:

Purpose: To fund museum passes, lectures, programs, and similar events; created from the gift of Mary Atwood for the purpose of giving lectures. The principal is not expendable. Income (interest and dividends) may be expended or reinvested.

Historical Notes: Donors include: Emily Fletcher, Mary Atwood.

5. Fund #676, J. V. Fletcher Library Trust Fund:

Purpose: For any purpose deemed worthwhile by the Board; *formerly* the account receiving state aid monies. The principal is fully expendable by majority vote of the Board. Income (interest and dividends) may be expended or reinvested.

Historical Notes: Donors include: Barbara and Gordon Seavey.

6. Fund #677, Ellen D. Rainville Continuing Education Fund:

Purpose: To support the continuing education efforts of any member of the Library staff. The principal is not expendable. Income (interest and dividends) may be expended or reinvested.

Historical Notes: Created from the gift of Ella LaMontagne and so named by the Board in appreciation of Ellen Rainville's work on the 1986-88 addition and renovation; the principal of this Trust Fund was increased by a \$2,000 bequest from Rita E. Miller in 2004 and by a \$43,000 bequest from the estate of Volunteer Gertrude Houghton in 2010, as well as a \$19,855 bequest from the estate of Volunteer Gertrude Houghton in 2012. An anonymous Gift was made in 2017.

7. Fund #678, Benefactors Fund:

Purpose: The Benefactors Fund shall be deemed expendable only under emergency conditions or for capital needs. A unanimous vote of the Board of Library Trustees shall be necessary for expenditure from this fund.

Historical Notes: The Board over time received individual securities as gifts and bequests from donors and estates. The original securities were the gift of William C. Roudenbush in 1967 and a donation by Gordon Seavey in 1986. These securities constituted the basis for what has become the Benefactors Fund. This fund additionally holds \$15,565 in gifts given in memory of late Trustee Sam Frank. By vote of the Board on 5/3/04, securities held as of that date were sold and the proceeds invested in Dimensional Fund Advisors (DFA) index funds held in a TD Ameritrade brokerage account managed *pro bono* by Carpenter Associates of Westford. In June 2016, these funds were moved under the Town Investment services constituting a seventh Trust Fund.

APPENDIX: INVESTMENT GLOSSARY AND DEFINITIONS

Investment Objectives Definitions

Conservation:

- Reflects the investor's desire to seek very low risk and minimize potential loss of principal. This course seeks income from the investments while understanding that returns may not keep pace with inflation. This course may also be used if the investor intends to invest over a short period of time.

Moderate:

- Reflects the investor's desire to seek lower risk and fluctuation in the portfolio, while striving to achieve more stable returns on investments. This course may also be used if the investor plans to invest over a short period of time.

Moderate Growth:

- Reflects the investor's desire to seek growth in the portfolio by typically using a balance of growth and conservative investment types. This course may indicate the investor is moderately tolerant of risk and plans to invest for a medium to long period of time.

Growth:

- Reflects the investor's desire to seek the potential for investment growth as well as a tolerance for more significant market fluctuations and risk of loss. It may also indicate that the investor plans to invest over a long period of time.

Aggressive Growth:

- Reflects the investor's desire for potentially substantial investment growth as well as a tolerance for large market fluctuations and increased risk of loss. It may also indicate that the investor plans to invest over a long period of time.

Risk Tolerance :

- Different investments and strategies involve different degrees of risk. The higher the expected returns of an investment or strategy, the greater the risk that the Board could lose most of its investment.
- Select the degree of risk the Board is willing to take with the assets in this account: Conservative, Moderate, Aggressive or Speculative

Liquidity Needs:

- The extent to which the Board desires or needs to quickly and easily convert all or a portion of an investment to cash without experiencing significant loss in value or incurring significant costs or penalties: within 3 months 4 - 6 months, 7 - 9 months, 10 - 12 months or more than 1 year

Time Horizon:

- The expected number of months, years, or decades the Board plans to invest to achieve a particular financial goal: less than 1 year, 1 - 3 years, 4 - 6 years, 7 - 9 years, 10 - 12 years, 13 years or more

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