

POLICY ON LIBRARY FINANCIAL ASSETS

Board. 4

The Board of Trustees of the J. V. Fletcher Library hold and control Trust Funds and bequests donated to the Board or Library by grateful and civic-minded individuals and organizations wishing to contribute to the quality of the Westford public library. The Board embraces the well-established principle that library trust funds and bequests must not be used to offset municipal budgetary shortfalls; the J. V. Fletcher Library must be supported by public funds allocated through the municipal budgetary process. The J. V. Fletcher Library Board of Trustees affirms that the following funds are designated solely for the enhancement and enrichment of public library services.

I. TRUST FUND ADMINISTRATION

A. TRUST FUND IDENTIFICATION AND RESTRICTIONS

The Board of Trustees of the J. V. Fletcher Library administers six trust funds created from bequests and gifts to the Board and from sale by the Board 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 J. V. Fletcher Library Trust Fund is the only trust fund of which the principal is fully expendable; the principal of the Library Trust Fund is expendable upon two-thirds vote of the Board. Income (interest and dividends) from all six funds is expendable, and/or may be reinvested to increase principal. In general, the income portions of the funds shall be expended only in the following manners:

#672, Library Trust Fund: For any purpose deemed worthwhile by the Trustees, but especially for preservation and conservation of collections and assets, due to the creation of this fund from the sale of Trustee assets. [Historical Donors include: Priscilla Chapin.]

#673, All-Purpose Fund: For any purpose deemed worthwhile by the Trustees; created from undesignated gifts of donors. [Historical Donors include: Albert Prescott, William R. Taylor, Martha Symmes, Grace, Eli and Mary Burbeck, Eleanor Louise Armstrong.]

#674, Book Fund: For purchase of books, tapes, art works and related materials; created from designated donor gifts for the purchase of print and non-print collections. [Historical 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.]

#675, Lecture Trust Fund: To fund museum passes, lectures, programs, and similar events; created from the gift of Mary Atwood for the purpose of giving lectures. [Historical Donors include: Emily Fletcher, Mary Atwood.]

#676, J. V. Fletcher Library Trust Fund: For any purpose deemed worthwhile by the Trustees (both principal and income); *formerly* the account receiving state aid monies. [Historical Donors include: Barbara and Gordon Seavey.]

#677, Ellen D. Rainville Continuing Education Fund: To support the continuing education efforts of any member of the library staff; 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 \$2,000.00 bequest from Rita E. Miller in 2004 and by a \$43,000.00 bequest from the estate of Volunteer Gertrude Houghton in 2010.

B. TRUST FUND INVESTMENT GOALS:

The primary investment goal for trust funds shall be the conservation of capital. The secondary goal shall be the maximizing of income from investments.

In keeping with the policy the Treasurer shall seek out and invest in suitable financial instruments of the type generally accepted to be appropriate for the investment of public or governmental monies.

To prevent the deterioration of capital due to inflation, the Trustees shall consider the reinvestment of a portion of the income from investments. The exact amount will be determined annually.

C. CURRENT TRUST FUND INVESTMENT STRATEGY

By Board vote on 11/4/2002, library trust cash funds shall be pooled for investment purposes with other trust funds and Town monies, e.g., the Stabilization Fund. By the same vote, the Board has delegated the choice of investment instruments and institutions to the Town Treasurer/Collector or his/her designee. The Trustees reserve the right to withdraw these funds from the Town investment pool and to invest them independently.

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

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

Library trust fund cash accounts shall be audited annually by an independent agency.

D. EXPENDITURE OF TRUST FUNDS

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

1. For 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 certification levels, e.g., meeting the Materials Requirement
3. To maintain critical operational activities, e.g., membership in regional service networks
4. For critical facility maintenance activities
5. To support or enhance library service programs
6. To increase principal, so as to combat the effects of inflation
7. To support the enhancement or expansion of the physical library

The Trustees reserve the right to expend funds, regardless of the above prioritization, depending upon the nature and severity of the emergency and needs that may arise from time to time.

II. BENEFACTORS FUND ADMINISTRATION

A. BENEFACTORS FUND IDENTIFICATION AND HISTORY

The Board of Trustees of the J. V. Fletcher Library has 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 the stock donated by Gordon Seavey in 1986. These securities constituted the basis for what became the "Benefactors Fund." The Trustees eventually realized, however, that holding only a few individual

stocks did not show responsible trust fund management, so the individual stocks were sold and the proceeds invested in a diversified stock-bond index fund.

B. BENEFACTORS FUND INVESTMENT GOALS

The primary investment goal for the Benefactors Fund shall be growth and the generation of income. The intent is to be more aggressive here than with the investments made in the Library Trust Funds.

C. CURRENT BENEFACTORS FUND INVESTMENT STRATEGY

By vote of the Board on 5/3/04, securities held as of that date were invested in Dimensional Fund Advisors (DFA) index funds held in a T D Ameritrade brokerage account and managed *pro bono* by Carpenter Associates of Westford per the recommendation of the Board Treasurer and Trustee Finance Committee. Dividends and interest shall be re-invested in the fund portfolio and any future undesignated stock gifts to the library shall be aggregated to this fund. The Board Treasurer, after consultation with reputable investment advisors, shall periodically recommend to the Board whether securities held by the Trustees should be exchanged for other securities or otherwise invested.

D. EXPENDITURE AND RESTRICTIONS OF BENEFACTORS FUND

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.

The authorization of the majority of the Board and the signature of the Trustee Treasurer shall be required for any withdrawal, dividend deposit or expenditure of trust funds, and for the sale, purchase or exchange of securities.

APPROVED: 1/24/2003; 5/5/03; 5/3/04; 9/26/2011.