

How has the Northrop Sisters endowment benefited Fairfield?

The endowment was created by Consuelo Northrop Bailey to establish the Bent Northrop Memorial Library; the endowment was funded by Consuelo and her sisters, Mary Wallis and Frederica Northrop Sargent, and Frederica’s husband Winston. In 1988, the Library was dedicated as a municipal library and housed within the school building.

Based largely on research of Fairfield’s annual Town Reports, we found that from 1988 to 2018:

- Fairfield taxpayers have paid \$347,100 towards the operating expenses of the Library;
- The Friends of BNML have gifted \$145,000 towards the operating expenses of the Library;
- **The endowment has funded a total \$1,593,000:**
 - The entire \$999,200 construction cost of the Library and
 - \$593,900 towards operating expenses.

Other benefits of the endowment were that the endowment contributed towards the Fairfield School Bond (for the good of the whole) and enabled the timely purchase of the Pafundi property which was also in the best interest of the Town. Both were reimbursed and credited towards the construction costs.

We held the grand opening of our new Library in June of 2011. In 2017, the Library Trustees requested that the Town fully fund the operating/property expenses of the Library to ensure the endowment would maintain its purchasing power and exist in perpetuity; the article was passed at the annual Town Meeting.

BNML Expenses & Revenues from 1988 to 2018 (rounded to nearest 100):		
EXPENSE		
	Operating Expenses	\$ 1,017,100
	Property Expenses	\$ 163,400
TOTAL EXPENSES		\$ 1,180,400
REVENUE		
	Funded via Grants	\$ 94,700
	Gifted by Friends of BNML	\$ 145,000
	Raised by Taxes	\$ 347,100
	Withdrawals from Endowment	\$ 593,900
TOTAL REVENUES		\$ 1,180,400
SOURCES: Fairfield Town Reports 1988-2018 and Morgan Stanley Reports 2009-2019		

BNML Construction in 2009 & 2010 (rounded to nearest 100):		
• Mortgage funded by endowment (excludes interest); planned 2027 maturity	\$ 500,000	
• 2009-2010 Withdrawals from Endowment	\$ 179,200	
• The endowment contributed towards the school bond ² from 1988 to 2008; this was used as basis for the 2011 School purchase of the library space	\$ 165,000	
• The endowment purchased the Pafundi property in 2009 and was reimbursed by the Town in 2012-2016	\$ 155,000	
TOTAL CONSTRUCTION COST ¹		\$ 999,200
SOURCES: ¹ BNML Construction Cost Summary from Amanda Forbes/Town Office ² Library Payments Debt Schedule from Amanda Forbes/Town Office		

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Excerpts from the BNML Investment Policy (approved July 2019) which guides the Trustees use of the endowment.

- The Board shall follow the guidelines for fiduciaries as outlined in the *Vermont Uniform Prudent Management of Institutional Funds Act*. The overarching mission of the Board is to manage the assets in such a way that maintains an inflation-adjusted value in perpetuity.
- The long-term investment objective of the Portfolio is to seek a total return consistent with the commensurate risk undertaken to balance the near term distributions (spending policy) and the long term purchasing power and growth of the portfolio assets, all in the context of the mission.
- The Board may not authorize a disbursement from the overall assets of the portfolio of more than 5% of the trailing 3-year average ending values of the portfolio without a 3/4th vote of the Board.

David Poole, our financial advisor from Thomas Partners, advised that based on the current economic cycle, our withdrawals should be more conservative. His recommendation was that the annual withdrawal should be based on annual income earned and the Trustees agree. The last three years annual earned income were 2017 = \$37,400, 2018 = \$44,600 and 2019 = \$44,100 for a trailing 3-year average of \$42,000. Until the mortgage is fully paid in 2027, those monies are encumbered for the annual mortgage payment of \$32,500 and the estimated annual investment fees of \$16,000.