



Bent Northrop Memorial Library Investment Policy Statement

THE BENT NORTHROP MEMORIAL LIBRARY HISTORY

The Bent Northrop Memorial Library, as a municipal library, is a tax-exempt, public charity and receives part of its funding from the broad public and the Town of Fairfield. The library's mission is to "offer individuals of all ages a safe, accessible, and empowering environment where learning, enjoyment, cultural and professional needs can be successfully met through materials, programs, services and technologies."

The Bent Northrop Memorial Library exists due to the generosity of the Northrop sisters. Consuelo Northrop Bailey, the oldest daughter of Peter Bent Brigham and Kathryn (Fletcher) Northrop, was born in 1899 and raised in Fairfield with her two sisters. She was a lawyer, a legislator, and the first female Lieutenant Governor in the United States. When she died in 1976, she left a sizable gift to establish a library in Fairfield in memory of her father. Mary Northrop Wallis, Consuelo's sister, left a modest fund for books upon her death. Dr. Winston and Mrs. Frederica (Northrop) Sargent, the third sister, also provided a generous donation. The total of such gifts was \$1.6 million. The Bent Northrop Memorial Library was established in 1987, and initially opened within the newly constructed addition of the Fairfield Center School. In June, 2011, a grand opening was held of a new building to house the Bent Northrop Memorial Library.

BOARD OF TRUSTEES MISSION STATEMENT

The purpose of the Board of Trustees is to conduct and manage business affairs of the library, to formulate policy, and to promote and develop use of the library as stated in the Bent Northrop Memorial Library Board of Trustees Bylaws Section 2.

I. Statement of Purpose and Scope

The purpose of this Investment Policy Statement ("IPS") is to establish a clear understanding between the Board of Trustees ("Board"), stakeholders, residents of Fairfield, and the investment advisor ("Advisor") as to the investment objectives of the investment portfolio ("Portfolio") so they are congruent with the entity's mission and needs. The IPS intends to encourage effective communication between the Board and the Advisor. The statement is not a binding contract, rather it is a summary of understanding that provides guidance to both the Board and the Advisor. This IPS has been created specifically for Bent Northrop Memorial Library ("Library") and should be reviewed periodically to ensure that its goals, objectives, and underlying mission have not changed in such a fashion to alter its investment approach. 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.

II. Assignment of Responsibilities

Board of Trustees

The Board has the overall responsibility for the direction of the investment assets. The Board may hire an investment Advisor to assist in this direction and to invest the portfolio assets. Together, the Board and the Advisor have responsibility for fiduciary oversight of the Portfolio according to the investment objectives consistent with the underlying mission of the entity. On a timely basis, the Board will notify the Advisor about any changes in their financial situation, investment objectives or risk tolerance.

Advisor

Should the Board hire an Advisor, the Advisor has the responsibility to manage the entity's assets in the Portfolio. To carry out investment duties, the Advisor will appoint Investment Managers to manage designated components of the portfolio on a day-to-day basis, consistent with the terms of this IPS. The Advisor will be responsible for the selection and monitoring of such investment managers. The Advisor may also choose mutual funds, exchange-traded funds or other commingled investment vehicles for inclusion in the Portfolio. The Advisor will perform the duties set forth hereunder consistently with the fiduciary obligations.

The Advisor will adhere to the policy set forth in this IPS, and it will ensure that each Investment Manager it selects for the Portfolio is appropriate within the policy. With respect to the inclusion of mutual funds, exchange-traded funds (ETFs) or commingled vehicles, the Board understands that the Advisor does not have any control over the management or portfolio composition of such funds. While the Advisor will use best efforts to utilize funds with investment objectives and policies that are generally consistent with IPS policy, the Board understands that individual fund portfolio holdings may not always be entirely consistent with IPS policy.

Investment Manager

The Investment Managers have discretion to make all investment decisions for the assets placed under their jurisdiction by the Advisor. The Advisor will select Investment Managers (separately managed account managers, mutual funds and ETFs) on behalf of the Board and shall invest the assets of the Board in accordance with this IPS. The Advisor may accord each Investment Manager, with possible general and specific limits and restrictions, full investment discretion to diversify assets and to buy and sell securities within its allocation and reserves the right to replace any Investment Manager at any time.

III. Investment Objectives

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 overall permissible ranges for eligible asset classes are detailed in the Asset Allocation Policy established and modified from time-to-time by the Advisor in combination with the Board.

The portfolio will be divided into two parts: an **operating cash account** from which disbursements are made and a **performance portfolio** designed to produce current income and long-term growth.

IV. Risk Considerations

The Board seeks a moderate level of risk and prudent approach to investing the portfolio to maximize long-term purchasing power and growth, while generating income and meeting distribution requirements.

V. Time Horizon

The Portfolio has an investment time horizon of greater than 10 years.

VI. Spending Policy

The entity will make annual distributions from its portfolio asset base with the intention of not depleting the entity's real asset base. Disbursements will come directly from the portfolio's **cash or cash equivalents**, which will seek to hold a target value equal to two years of expected disbursements. Dividend and interest income from the portfolio's **performance portfolio** account will regularly flow into the **cash operating account**. Should the value of the **cash operating account** build to too high a level, this regular cash flow can be suspended until further notice. Should the value of the **cash operating account** decline to a level equal to or below one year's value of expected disbursements, assets from the **performance portfolio** may be used to increase this value towards the two years of expected disbursements target.

The Board at its discretion may alter the cash flow plan at any time to respond to market conditions and the needs of the library.

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 3/4 vote of the Board.

Following the library mortgage retirement, it is the intent of the Bent Northrop Memorial Library Board of Trustees to contribute from the endowment an amount equal to the trailing 3-year average of earned income (dividends) minus investment fees, as revenue to the annual library budget.

VII. Unique Considerations, Preferences, or Restrictions

A. Tax Considerations:

While non-profits are largely tax-exempt, there may be tax penalties imposed under certain circumstances. For example, non-profit entities may generate unrelated business taxable income (UBTI) from certain types of investments held in a portfolio. UBTI is generated when the entity benefits in commercial activities that are unrelated to the purpose of the entity. If too much UBTI is generated, the entity may lose its tax-exempt status. It is not to say that UBTI should be completely avoided but rather, the potential tax consequences should be considered when any investment that may generate UBTI is added to or maintained in the portfolio. The Board will consult with its tax advisor annually to understand and plan around all relevant tax issues.

B. Restrictions:

Bent Northrop Memorial Library minutes of November 18, 2004 refer to 300 shares of “Southern Bell stock”, now AT&T, which the Northrop family wished to keep “as is” and the Board agreed to that restriction.

The IPS shall be updated to include any additional investment restrictions conveyed to the Advisor or Investment Manager by the Board in the future.

VIII. Portfolio Management

A. Management Style:

The Advisor may utilize passive, active or a combination of active and passive strategies in the Portfolio. The Portfolio may be invested in a combination of traditional and alternative investments. Traditional investments may include global equities and global fixed income. Alternative investments may include hedged assets and real assets. Investments may be made through separately managed accounts, mutual funds, limited partnerships or professionally managed pools of such investments to provide for a prudent level of diversification. The Advisor may engage an Investment Manager whose investment discipline requires investment outside the established asset allocation policy. However, taken as a component of the aggregate portfolio, the inclusion of such disciplines shall result in the overall asset allocation policy being consistent with this IPS.

B. Asset Allocation Policy:

The allocation specified below intends to generate a risk and return pattern consistent with fulfilling the mission. The Portfolio’s asset allocation has the flexibility to vary around the long-term Strategic Asset Allocation within the approved asset allocation ranges outlined in this IPS. The following are the approved asset allocation ranges relative to the target strategic asset allocation. If the portfolio exceeds any of the outlined ranges, it will be reviewed and rebalanced accordingly in a timely yet prudent manner to ensure ongoing compliance with the terms of this IPS.

Investment management of the assets of the Bent Northrop Memorial Library shall be in accordance with the following asset allocation guidelines:

Aggregate Asset Allocation Guidelines as a percentage of the market values for all assets, including the **cash operating account** and the **performance portfolio**:

AGGREGATE ASSET ALLOCATION		
Asset Class	Strategic Asset Allocation	Asset Allocation Range
<i>Performance Portfolio</i>		
Global Equities	60%	40% - 80%
Fixed Income	34%	25% - 50%
<i>Operating Portfolio</i>		
Cash & Equivalents	6%	4% - 10%

Performance Portfolio Asset Allocation Guidelines as a percentage of the market values for all assets in the **performance portfolio** only:

PERFORMANCE PORTFOLIO ASSET ALLOCATION		
Asset Class	Strategic Asset Allocation	Asset Allocation Range
Global Equities	65%	40% - 80%
Fixed Income	34%	25% - 50%
Cash & Equivalents	1%	0% - 5%

Operating Account Asset Allocation Guidelines as a percentage of the market values for all assets in the **operating account** only:

OPERATING PORTFOLIO ASSET ALLOCATION		
Asset Class	Strategic Asset Allocation	Asset Allocation Range
Fixed Income	25%	0% - 50%
Cash & Equivalents	75%	55% - 100%

IX. Portfolio Review and Evaluation

The Board is responsible for oversight and general direction of the investment Portfolio. To assist the Board, the Advisor will review and evaluate the performance of the Portfolio on a timely and regular basis and will provide a quarterly written report for the Board's review at a minimum once per quarter. The Board and the Advisor will evaluate performance on a full market cycle basis (approximately a 3–5-year timeframe) the Portfolio's performance and risk relative to the policy benchmark.

The **performance portfolio** will be evaluated relative to a benchmark of 30% Russell 1000 Stock Index, 35% MSCI All Country World Index (ACWI) and 35% Bloomberg US Aggregate Bond Index. Individual managers within the portfolio may be evaluated relative to more specific and suitable benchmarks.

The Board and the Advisor will meet at least annually or more frequently at the Board's request. Additional quarterly written and verbal communication will also be provided by the Advisor.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research, capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired results.

The Advisor will consult with the Board regarding termination of a manager for any reason including, but not limited to, the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to their stated objectives and investment style, including communication and reporting requirements.
3. Significant qualitative changes to the Investment Manager's organization.

X. Investment Policy Statement Review

To ensure continued relevance of the guidelines and objectives established in this Investment Policy Statement, the Board, in conjunction with the Advisor, will review this Investment Policy Statement at least annually and reserve the right to amend these investment goals, objectives and policy at any time.

XI. Conflict of Interest

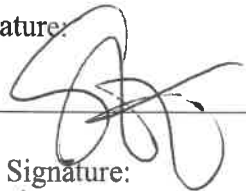
Any potential conflict of interest should be brought to the Board's attention and disclosed so a resolution may be enacted.

XII. Adoption of Investment Policy Statement

On behalf of the Board:

I (we) have reviewed, approved and adopted this Investment Policy Statement.

Board Chair Signature:



Date:

5/21/26

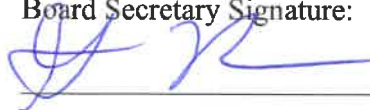
Board Vice Chair Signature:



Date:

May 21, 2026

Board Secretary Signature:



Date:

5/21/26

Board Treasurer Signature:



Date:

5/21/26

Board Member Signature:

Date:
