

**THE CITY OF PORTSMOUTH, NEW HAMPSHIRE  
TRUSTEES OF TRUST FUNDS  
REQUEST FOR PROPOSALS**

**REGARDING FUND MANAGEMENT SERVICES**

**PRELIMINARY:**

The municipal charter of the City of Portsmouth, New Hampshire requires that all trust funds of the City, "remain in the hands", of its three Trustees of Trust Funds (Trustees) who are appointed by the Mayor and approved by the City Council. The Trustees currently administer approximately \$10,000,000.00 in trust assets. The Trustees are seeking to retain a qualified investment advisor. The financial advisor will work as a "Manager of Funds" to structure and administer a broadly diversified global portfolio for the investment of those funds. This Request for Proposals (RFP) is being distributed by the Trustees to solicit information and proposals from any individuals who may be qualified and interested in serving as the investment advisor to the Trustees.

It is the desire of the Trustees to engage the services of an investment advisor as described above no later than October 1, 2006. Accordingly, proposals may be submitted in writing pursuant to this RFP up to and including August 31, 2006. During the month of September the Trustees will review the written proposals with the expectation of producing a "short list" of individuals who will be interviewed by the Trustees during that month. The Trustees would expect to retain the services of one of those interviewees in order to meet the October 1, 2006 commencement date.

Attached to this RFP is a copy of the investment policy of the Trustees, adopted March 9, 2006. All responses to this RFP should be mindful of its terms and conditions.

**MANDATORY RFP REQUIREMENTS:**

Although responding individuals and entities are encouraged to include any information deemed relevant by them in their responses, all responses must at a minimum address the following criteria.

1. Include a complete description of the background of the particular individual who would serve as the investment advisor to the Trustees, including a detailed description of that person's education and employment.
2. Provide a complete detailed description of any business entity or organization with which the proposed investment advisor is affiliated, including the business history of that entity and a description of its ownership and management.

3. Include a list of at least six institutional clients of the proposing entity, providing the name, address and telephone number of a contact person for each of those clients. Clients with connection to the City of Portsmouth or involvement within the Portsmouth community are of particular interest.
4. Include a list of any references deemed appropriate by the proposer.
5. Provide a description of the involvement of the proposer within the community of the City of Portsmouth, including any association which the proposer may have had with real estate development projects or business transactions in the City as well as with the City government itself.
6. Address the investment policy of the Trustees, offering whatever comment is deemed relevant by the proposed investment advisor. Such commentary should include matters relating to asset allocation, asset classes, management strategies, and recommendations regarding balancing the portfolio.
7. Contain a detailed description of the fee structure under which the investment advisor would be compensated by the Trustees for providing fund management services. This description shall include any manner in which the investment firm, or its officers or employees might receive direct or indirect compensation as a result of the work performed for the Trustees other than any fees paid directly by the Trustees.
8. Include a complete description of the manner in which the investment advisor would service the account of the Trustees, including the timing and frequency of the personal meetings and the timing and manner in which written reports on fund management activities would be generated by the investment advisor for the Trustees. Each proposal should include a copy of a typical report which has been provided by the investment advisor to a client as similar as possible to the Trustees.

**OPTIONAL:**

Proposers are invited to share with the Trustees any philosophies or recommendations regarding issues of perceived relevance to the Trustees, such as the balancing of funds, asset allocation, and risk exposure as these considerations relate to the operation of a public entity in the nature of the Trustees of Trust Funds.

**SUBMISSION:**

All proposals submitted in response to this RFP shall be in the office of Robert P. Sullivan, City Attorney of the City of Portsmouth at the Municipal Complex, 1 Junkins Avenue, Portsmouth, NH 03801 no later than 4:00 p.m. on Thursday, August 31, 2006.

Dated: July 31, 2006

**TRUSTEES OF TRUST FUNDS**

Jameson S. French, Chairman  
Eileen Foley  
Lea Aeschliman

**TRUSTEES OF TRUST FUNDS  
CITY OF PORTSMOUTH NEW HAMPSHIRE**

**INVESTMENT POLICY**

Adopted by the Trustees, March 9, 2006

The Trustees of Trust Funds (Trustees) for the City of Portsmouth serve as stewards of the assets of the Prescott Trust and City Trust funds, and oversee the investment of the assets of the Trust funds. The purpose of this statement is to provide a clear understanding of the investment policy for use by the Trustees, investment advisors and others as may be appropriate.

**INVESTMENT GOALS**

The principal goals of the investment program are:

- preservation of capital on an absolute and inflation adjusted basis; and
- generation of an average annual net total return sufficient to support the distribution policy determined by the Trustees. (Net total return includes income plus realized and unrealized gains and losses on Fund assets less investment management fees.) The distribution policy is set by the Trustees and reviewed annually.

**INVESTMENT GUIDELINES**

The following asset allocation guidelines are established to achieve the investment goals of maximizing total net return consistent with a prudent level of risk. Achieving these investment objectives will require a long-term investment horizon and diversification among asset classes.

<u>Asset Class</u>	<u>Range</u>
Domestic Equity	20% - 50%
Foreign Equity	10% - 40%
Domestic Fixed Income	20% - 50%
Global Fixed Income	10% - 40%
Other	0% - 5%
Cash	5% - 20%

In order to achieve diversification and investment in a broad range of securities, the Trustees have a strong preference for investment in mutual funds of a high quality appropriate for trusts and endowments. Normally, the assets of the Trusts, other than the Park properties of the Prescott Trust, shall be invested in liquid assets. Directly owned real estate, as well as stock and bonds, acquired through gifts may be held for a period of time if the Trusts' financial advisors deem such action beneficial. Investments in private placements, short sales, margin purchases, commodities or derivatives are prohibited unless these investments are made through mutual funds that have clear limits or guidelines on investments in these classes of securities. The Trustees adopt the standards of the Uniform Trust Code, Duty of Loyalty, contained in N.H. Revised Statutes Annotated 564-B:8-802, to apply to conflicts of interest.

#### INVESTMENT PERFORMANCE

The Trustees shall review the investment performance of the Trust Funds with the investment advisor or financial consultant quarterly, and shall rebalance the portfolio at least annually. In evaluating the investment performance of the Funds, the Trustees shall compare the relative performance of the different classes of Funds' assets to the performance of recognized index measures for comparable asset classes and peer comparisons.

Every 3-5 years the Trustees shall conduct a formal review of the investment advisor, and shall solicit proposals from alternative investment advisors to compare investment strategies, historical performance and fees. The criteria for this review will be set by the Trustees and communicated via a formal request for proposal.