

TRUSTEES OF THE TRUST FUNDS  
CITY OF PORTSMOUTH, NEW HAMPSHIRE  
MINUTES OF JANUARY 9, 2014 MEETING

A regular meeting of the Trustees of the Trust Funds for the City of Portsmouth, New Hampshire was held on January 9, 2014 at the 4<sup>th</sup> Floor Law Library at Portsmouth City Hall. The meeting was called to order at 7:30 a.m.

Present were Trustees Phyllis Z. Eldridge, Dana S. Levenson and Thomas R. Watson. Also present were Peter Torrey, David Allen, Robert Sullivan, Claudette Barker, William Duncan, Ben Anderson and John Bohenko.

The minutes of the December 5, 2013 meeting were reviewed and, upon motion duly made and seconded, approved.

Payroll and operating expense checks were reviewed and signed.

Mr. Torrey distributed a written report and led a discussion concerning the fund valuation growth of the trust funds under the Trustees' management, as advised by H.M. Payson for the 2013 calendar year. He reported that, overall, the annualized average of the combined funds increased by 18.1% in 2013. This results in a nine-year annualized average growth of 7.0%.

Mr. Torrey also distributed a list of all firms responding to the Trustees' RFP for investment advice noting that there were 20 such firms, most of which were local to the southern Maine, seacoast New Hampshire and north shore Massachusetts areas but also included firms from New York City; Houston, Texas; Chicago, Illinois; Richmond, Virginia; and Bay Shore, New York. Mr. Torrey provided his initial analysis of the proposals including a spectrum of proposed management rates ranging from .20% to .80%. A discussion then ensued on the approach for reviewing and evaluating the proposals, at the conclusion of which, the Trustees appointed an initial screening committee consisting of Trustee Levenson, Mr. Torrey and Mr. Sullivan who are to then report back to the Trustees as a whole for further evaluation.

Mr. Torrey also distributed and led a discussion of a calendar year summary of the actual-to-budget performance of the Josie Prescott Trust.

A discussion then ensued between the Trustees and Ms. Barker and Mr. Duncan, on behalf of the Prescott Park Arts Festival, including the plans to move forward with finalizing an operating agreement for 2014 and the desire of PPAF to move forward with some urgency toward negotiations of an operating agreement for 2015 and future years. Much discussion occurred about the recent history of the negotiations. The Trustees and PPAF expressed their respective concerns about the current state of affairs. After further discussion, the parties agreed to proceed to try to finalize an operating agreement for 2014 to incorporate the following:

1. The operating agreement for 2014 will be based upon the agreement for 2013. It will not be intended to address any future years.

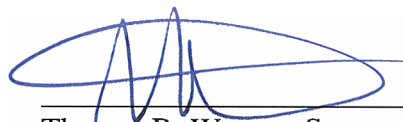
2. The existing operating agreement will be modified to address the issues raised by the city manager as a result of health concerns and complaints lodged against PPAF during the 2013 season.
3. The stage will remain at its current location.
4. Within the next two meetings of the Trustees, PPAF will present a proposed plan for use of the area behind the existing stage for performance related activities for the review and consideration of the Trustees.
5. The 2014 operating agreement will include the fee to be paid by PPAF to the Trustees for its use of the Park rather than defer that negotiation to a later date.

After finalizing the 2014 operating agreement, the parties shall endeavor to work on an agreement for future years with due deliberation instead of waiting until the end of the 2014 season.

Mr. Bohenko then joined the meeting. He reported on recent developments in the construction of the concession building. Among the developments is the fact that, apparently, no test borings were taken of the soil at the location of the building and it has now come to light as construction commenced that the stability of the soil beneath the new location is in question. Preliminary estimates indicate that it may cost close to \$60,000 to address the situation. Mr. Bohenko proposed to PPAF to split that cost in order to move forward with the project while reserving the right on both parties' behalf to pursue any responsible parties. On behalf of PPAF, Ms. Barker stated that she would present the proposal to her Board of Trustees and respond to Mr. Bohenko promptly.

The chair reported that the next meeting will take place on January 23, 2014.

There being no further business, upon motion duly made and seconded, the meeting was adjourned at 9:30 a.m.



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Thomas R. Watson, Secretary