

Town of Belgrade

Request for Qualifications (RFQ)
for Investment Management Services

July 14, 2023



TOWN OF BELGRADE

REQUEST FOR QUALIFICATIONS – INVESTMENT MANAGEMENT SERVICES

July 2023

The following questions and answers correspond to the information requirements of proposers:

1. Brief Description of the investment management firm's ownership, including identification of any affiliated companies.

Portland Trust Company is a Maine bank chartered as a non-depository trust company with full trust powers. Portland Trust Company is also an affiliate of Androscoggin Bank.

Year organized: 2015

Number of clients: 240 relationships

Type of clientele: individuals, families and Maine-based municipalities and quasi-governmental entities

Number of staff (investment related): 7

Assets under management: \$325M

Location of corporate headquarters: Lewiston and Portland, Maine

Past or present litigation: None

2. The qualification of your firm and its ability to provide investment services:

Qualifications of principals and professional staff (specify those individuals who will be directly responsible for the account)

Number of years of experience in investment management

Rod Cote – Relationship Manager. Rod has more than 30 years of experience in the investment wealth management industry. He has worked for large and medium-size financial institutions.

Jim MacLeod – Investment Manager. Jim has more than 35 years of experience in the investment and wealth management industry. Jim has worked primarily in medium-sized financial institutions.



Discussion of investment philosophy – Please see our answer to No. 7 below.

Discussion of your customer service philosophy

Rod and Jim place a premium on a positive customer experience and proactively collaborate to exceed client expectations.

3. Brief description of the firm’s investment services provided to governmental entities.

Portland Trust Company provides a wide range of services to governmental entities, depending on need, including trustee and investment management services of Cemetery Trusts, Self-Insurance Workers Comp Trusts, and MainePers Refunding Trusts, as well as fixed income portfolios for general funds and broadly diversified portfolios for restricted or perpetuity funds.

Portland Trust Company also works closely with Androscoggin Bank’s Government Services Group to provide comprehensive Investment and Banking services to Municipalities across Maine.

4. A description of the firm’s investment process, including research, governance, and portfolio management.

Our investment philosophy is rooted in long-term investment horizon fundamentals that include:

- (1) asset allocations that appropriately reflect the risk tolerance of the customer;
- (2) portfolios that are broadly diversified within the major and minor assets classes; and
- (3) an appreciation for long term, risk adjusted investment returns.

If selected to serve the Town of Belgrade, we will begin by meeting with town officials responsible for the oversight of the funds. Our discussions will include investment time horizons, liquidity and drawdown needs, and risk tolerance. Based on these discussions, we will recommend an appropriate asset allocation that we believe will have the highest probability of accomplishing the Town’s objectives within an appropriate risk profile.

The foregoing is in summary form only. Please see our answer to No. 8 for our investment philosophy. We would welcome the opportunity to present our approach and capabilities in more detail at your convenience.

Our investment management and administration are overseen by Investment and Trust Committees and ultimately our Board of Directors. Our regulatory oversight includes examination by the Maine Bureau of Financial Institutions and the FDIC.



5. A description of the firm’s trust and trustee capabilities.

Portland Trust Company is a full-service trust and fiduciary firm and serves as trustee and investment manager on a variety of personal, corporate, and municipal trusts. The officers of PTC have more than seventy-five years of combined experience managing trusts and investments and working with municipalities on a wide range of matters.

6. Description of how the firm would make its services available to the Town’s Board of Selectpersons and its Budget Committee.

The officers of PTC have extensive experience working with municipalities, including as trustee and investment manager as well as providing advice on investments, investment and spending policies and strategies to meet specific objectives. We are confident that we can provide value and solutions that will meet the Town of Belgrade’s needs.

7. Investment results (past performance) achieved by the firm. Suggested benchmarks/indexes against which performance will be measured

The following is our representative investment performance, by calendar year, for the Town’s preferred target asset allocation, per investment policy (65% stock/35% bonds).

	YTD	2022	2021	2020	2019
	6/30				
Combined Total Account Returns (65%stock/35% Bond)	11.51	-13.36	15.78	16.27	18.06

Recommended Benchmarks

Large Cap Equity	S&P 500 Index
Mid Cap Equity	S&P 400 Index
Small Cap Equity	S&P 600 Index
International Equity	EAFE (Europe Asia Far East) Index
Fixed Income/Bonds	Bloomberg Intermediate Gov/Credit Index



8. A description of the investment strategies employed for longer term assets and intermediate cash management accounts in accordance with Title 30-A, chapter 223, subchapter III-A.

Our goal is to maximize the productivity of reserve funds in a manner that is consistent with the goals, objectives, and risk tolerance of the Town as well as Maine statutes regarding municipal investments.

Fixed Income: Longer term fixed income strategies may include efforts to maximize income using callable and non-callable bonds, matching bond maturities to anticipated liquidity needs, or a laddered or bar-belled maturity structure, depending on the Town's goals and objectives.

Equity Exposure: For funds where equity exposure is appropriate, we would build a broadly diversified portfolio with exposure to U.S. large, mid, and small cap stocks and developed international stocks, if warranted.

Our Investment Philosophy for stock portfolios: Our portfolios are results driven. Period.

For portfolios with a growth objective or "in perpetuity" investment horizon, our Investment Philosophy incorporates the principles of Modern Portfolio Theory as well as a Total Return approach. Our philosophy and strategy are premised on two undeniable facts: (1) most actively managed portfolios underperform their benchmarks; and (2) there are accessible investments that can eliminate the risk of portfolio underperformance. Our overarching goal is to assist our clients in equaling or exceeding the investment returns that the markets are capable of providing. To this end, we believe a core-satellite strategy is best suited to achieve those goals. Under this strategy, 80% (the "core") of the equity portfolio is indexed around the major equity asset classes (large cap, mid cap, and small cap) using low-cost index mutual funds or Exchange Traded Funds (ETFs). The remaining 20% (the "satellite") of the equity portfolio is positioned using ETFs to take advantage of sectors or industries poised to outperform the broader market. Currently, our satellite holdings tilt in favor of the technology sector. Thereafter, both the core asset allocation and satellite positions are tactically managed through an ongoing "top down, bottom up" analysis of macro-economic conditions.

This portfolio strategy provides a growth portfolio with optimal risk management by broadening diversification, removing single security risk, and mitigating against the risk of underperformance.

The fixed income universe has changed dramatically over the last 15 months. The Federal Reserve has raised short term interest rates by 500 basis points, and the 10-year treasury yield is currently trading at or near 3.90%. For the first time in 17 years, individual bonds and interest coupons are attractive, and we have taken full advantage of this environment by adding government agency bonds offering attractive spreads over and above treasury yields. Cash reserves are invested in safe and secure government obligation money market funds offering yields close to the Federal Funds Rate.



Under normal conditions, portfolio holdings and accounts are reviewed quarterly to determine if rebalancing is warranted. We measure success by comparing investment results against policy benchmarks.

Any strategy would be customized to the specific needs, objectives, and risk tolerance of the Town of Belgrade.

9. Samples of monthly and quarterly statements. Describe customization capabilities that would help the Town and describe your firm's ability to assist in pooling sub- accounts.

Please see attached statements. Pooled sub accounting is just one of the services we offer municipalities to maximize efficiency and allow the pooled funds to be productively managed in order to maximize returns. Statements and sub-accounting are delivered electronically on a monthly basis. On-line access to review accounts and download reports is available 24/7, 365 days a year.

10. Provide detail concerning the firm's management fee proposal and state commission rates in brokerage transactions.

To serve as Trustee and/or investment manager for a long-term investment account and to fully comply with the Town's reporting and communications requirements, including sub-accounting, our annual market value fee would be 0.60% (60 basis points), prorated and collected quarterly, in arrears. Example: If the account value was \$1mil, the annual fee would be \$6,000 (1,500.00 quarterly).

There are no commissions on bond and mutual fund transactions. Stock trades are executed through our institutional broker, Cowen, at \$0.025 (two and one-half cents) per share.

We would welcome the opportunity to fine tune our proposed fees based on the Town's needs.

11. Provide a list with contact information of three or more public entity client references.

Town of Harrison
Cass Newall
Town Manager
207.583.2241



Town of Bowdoin
David Manfredi
Town Manager
207.250.2559

City of Hallowell
Gary Lamb
City Manager
207.430.4403

Town of Wilton
Perry Ellsworth
Town Manager
207.645.4961

12. Insurance:

Provide the name of your primary insurance carrier and their related AM Best rating.

- a. PTC maintains the same financial institutional coverages as other banks in Maine.
- b. Hanover Insurance Co. AM Best credit rating: a+ (Excellent)

13. Provide any other information which would be of assistance to the Board of Selectmen and the Budget Committee in evaluating the firm's responses and its qualifications to serve as the Town's Investment Fund Manager.

Portland Trust Company is confident that we can provide value and solutions to any of the financial and policy needs of the Town. Once we have an opportunity to engage in a conversation with the Town, we will identify what those needs might be and how we may best address them.





Portland Trust Company
LET'S START WITH YOU.

Statement of Account

April 1, 2023 Through June 30, 2023

Account Number:

Portland Trust Company

For any questions concerning your account, please contact -

Rod Cote 207-376-3661

rod.cote@portlandtrust.com

Did you know you can receive your statements electronically? Let us know if you would like to make the switch from paper statements!

Confidential And Privileged Information

Portfolio Composition	Market Value	Percentage	Sources & Uses of Funds	Amount
Equities	\$ 948,973.50	64.42%	Total Portfolio Value	04/01/2023 \$ 1,421,659.13
Fixed Income	\$ 521,076.96	35.37%	Cash & Asset Receipts	\$ 0.00
Cash Equivalents	\$ 3,024.28	0.21%	Cash & Asset Distributions	\$ -27,442.71
Uninvested Cash	\$ 0.00	0.00%	Investment Earnings	\$ 11,804.82
Total Portfolio Value	\$ 1,473,074.74	100.00%	Investment Change	\$ 67,053.50
Estimated Annual Income	\$ 41,594.36		Total Portfolio Value	06/30/2023 \$ 1,473,074.74

Investment Earnings	This Period	Year To Date	Gain / Losses On Transactions	This Period	Year To Date
Interest - Tax Free	\$ 0.00	\$ 0.00	Realized Gains	\$ 0.00 *	\$ 121.10 *
Interest - Taxable	\$ 9,451.31	\$ 11,241.03	Realized Losses	\$ -2,301.86 *	\$ -4,557.01 *
Dividends - Taxable	\$ 2,353.51	\$ 6,114.76			
Other Income	\$ 0.00	\$ 0.00	Total Portfolio Value		\$ 1,473,074.74
Net Accrued Interest Bot/Sld	\$ 0.00	\$ 258.15	Less : Tax Cost Basis		\$ 1,229,620.67
Total Investment Earnings	\$ 11,804.82	\$ 17,613.94			

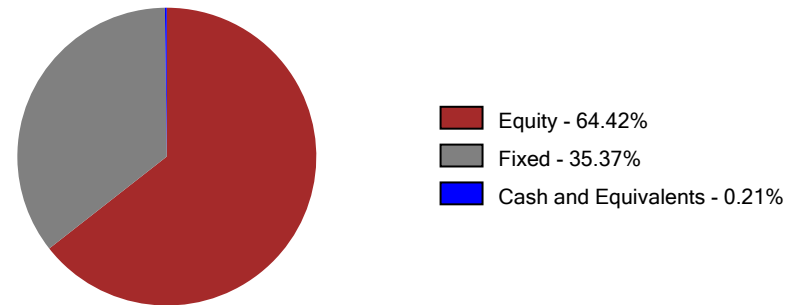
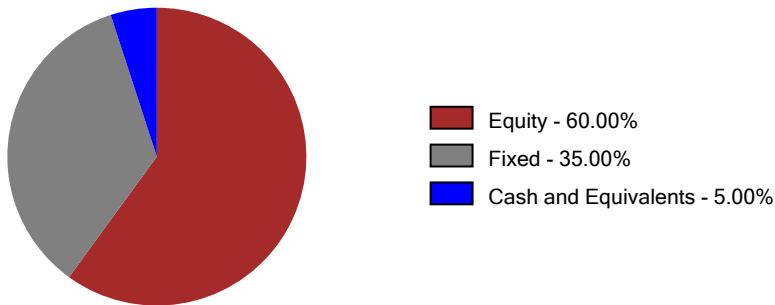
Unrealized Gains & Losses \$ 243,454.07

* Gain or Loss amount as shown may not reflect the amount to be used for income tax purposes .

Target vs Actual Comparison

Target

Actual (PMR Category Summaries Liabilities Excluded)



Summary Of Investment Holdings

April 01, 2023 through June 30, 2023

Shares or Par Value	Asset Description	Unit Value	Market Value	Tax Cost	Unrealized Gain/Loss	Curr. Yield	Estimated Portfolio Ann. Inc.	Percent	
<u>Money Market Funds</u>									
3,024.28	GOFXX Federated Government Oblig Fd 117	1.00	3,024.28	3,024.28	0.00	4.97%	150.31	0.21%	
Totals			3,024.28	3,024.28	0.00	4.97%	150.31	0.21%	
<u>Large Cap ETF</u>									
300	Invesco QQQ Trust Unit Ser1	369.42	110,826.00	64,934.57	45,891.43	0.59%	652.08	7.52%	
1,575	Vanguard S&P 500 ETF	407.28	641,466.00	476,636.98	164,829.02	1.49%	9,545.13	43.55%	
Totals			752,292.00	541,571.55	210,720.45	1.36%	10,197.21	51.07%	
<u>Mid Cap ETF</u>									
300	IShares Core S&P Midcap ETF	261.48	78,444.00	63,563.14	14,880.86	1.53%	1,202.93	5.33%	
Totals			78,444.00	63,563.14	14,880.86	1.53%	1,202.93	5.33%	
<u>Small Cap ETF</u>									
750	Ishares Core S&P Small-Cap ETF	99.65	74,737.50	60,454.80	14,282.70	1.55%	1,160.60	5.07%	
Totals			74,737.50	60,454.80	14,282.70	1.55%	1,160.60	5.07%	
<u>International</u>									
600	Ishares MSCI EAFE ETF	72.50	43,500.00	38,010.98	5,489.02	2.18%	947.87	2.95%	
Totals			43,500.00	38,010.98	5,489.02	2.18%	947.87	2.95%	
<u>Fixed Income - MF Taxable</u>									
3,295.423	Vanguard Fixed Income Secs Fd Admiral	5.22	17,202.11	17,854.09	-651.98	5.56%	956.19	1.17%	
Totals			17,202.11	17,854.09	-651.98	5.56%	956.19	1.17%	
<u>U S Government Agency Bonds</u>									
120,000	Federal Home Loan Banks Dtd 10/19/22	4.625% 12/08/2023	99.61	119,529.38	120,043.17	-513.79	4.64%	5,550.00	8.11%
20,000	Federal Home Loan Banks 4 DTD 11/04/22	4.750% 03/08/2024	99.47	19,893.63	19,946.00	-52.37	4.78%	950.00	1.35%

Account Name : Account No :

Summary Of Investment Holdings

April 01, 2023 through June 30, 2023

Shares or Par Value	Asset Description	Unit Value	Market Value	Tax Cost	Unrealized Gain/Loss	Curr. Yield	Estimated Portfolio Ann. Inc. Percent
<u>U S Government Agency Bonds</u>							
40,000	Federal Natl Mtg Assn Call Dtd 03/30/23	5.220% 04/26/2024	99.59	39,836.60	40,000.00	-163.40 5.24%	2,088.00 2.70%
25,000	Federal Home Loan Banks Dtd 11/07/22	4.875% 06/14/2024	99.38	24,844.25	25,015.66	-171.41 4.91%	1,218.75 1.69%
50,000	Federal Home Loan Banks Dtd 10/19/22	4.500% 06/14/2024	99.04	49,517.91	49,874.50	-356.59 4.54%	2,250.00 3.36%
25,000	Federal Home Loan Banks Federal Home Loan Banks 5.34 Dtd 12/16/22	5.340% 12/16/2024	99.72	24,930.38	25,000.00	-69.62 5.35%	1,335.00 1.69%
75,000	Federal Home Ln Mtg Corp Call Dtd 03/30/23	6.000% 03/27/2026	100.04	75,029.51	75,262.50	-232.99 6.00%	4,500.00 5.09%
25,000	FHLMC Dtd 03/30/23	6.000% 02/28/2028	100.29	25,072.70	25,000.00	72.70 5.98%	1,500.00 1.70%
25,000	Federal Farm Credit Banks	5.950% 05/30/2030	100.05	25,011.89	25,000.00	11.89 5.95%	1,487.50 1.70%
100,000	Federal Farm Credit Banks Dtd 11/29/22	6.100% 11/29/2032	100.21	100,208.60	100,000.00	208.60 6.09%	6,100.00 6.80%
Totals				503,874.85	505,141.83	-1,266.98 5.35%	26,979.25 34.19%
Total Investments				1,473,074.74	1,229,620.67	243,454.07 2.82%	41,594.36 100.00%
Plus Net Cash				0.00			
Total Market Value				1,473,074.74			

Date	Description	Income	Principal
<i>Starting Balances</i>		\$ 40,564.53	\$ -40,564.53
<u>Interest/Dividends</u>			
04/03/2023	Daily Factor - Dividend On 6659.62 Par Val GOFXX Federated Government Oblig Fd 117 Payable Date : 03/31/2023 Dividend From 03/01/2023 To 03/31/2023	102.20	
04/03/2023	Daily Factor - Dividend On 10446.021 Shares Of Vanguard Fixed Income Secs Fd Admiral Payable Date : 04/03/2023 Dividend From 03/01/2023 To 03/31/2023	261.22	
04/28/2023	Dividend On 300 Shares Of Invesco QQQ Trust Unit Ser1 Payable Date : 04/28/2023	141.67	
05/01/2023	Daily Factor - Dividend On 4460.78 Par Val GOFXX Federated Government Oblig Fd 117 Payable Date : 04/30/2023 Dividend From 04/01/2023 To 04/30/2023	18.33	
05/01/2023	Daily Factor - Dividend On 10495.872 Shares Of Vanguard Fixed Income Secs Fd Admiral Payable Date : 05/01/2023 Dividend From 04/01/2023 To 04/30/2023	266.73	
05/30/2023	Interest On 100000 Par Val Federal Farm Credit Banks 6.1000% 11/29/32 Payable Date : 05/29/2023 Rate Of 6.1	3,050.00	
06/01/2023	Daily Factor - Dividend On 8329.11 Par Val GOFXX Federated Government Oblig Fd 117 Payable Date : 05/31/2023 Dividend From 05/01/2023 To 05/31/2023	33.75	

Account Name : Account No :

Account Transactions

April 01, 2023 through June 30, 2023

Date	Description	Income	Principal
06/01/2023	Daily Factor - Dividend On 5546.678 Shares Of Vanguard Fixed Income Secs Fd Admiral Payable Date : 06/01/2023 Dividend From 05/01/2023 To 05/31/2023	252.50	
06/08/2023	Interest On 120000 Par Val Federal Home Loan Banks 4.6250% 12/08/23 Payable Date : 06/08/2023 Rate Of 4.625	3,530.42	
06/13/2023	Dividend On 750 Shares Of Ishares Core S&P Small-Cap ETF Payable Date : 06/13/2023	263.40	
06/13/2023	Dividend On 300 Shares Of IShares Core S&P Midcap ETF Payable Date : 06/13/2023	226.90	
06/13/2023	Dividend On 600 Shares Of Ishares MSCI EAFE ETF Payable Date : 06/13/2023	786.81	
06/16/2023	Interest On 25000 Par Val Federal Home Loan Banks 5.3400% 12/16/24 Payable Date : 06/16/2023 Rate Of 5.34	667.50	
06/29/2023	Interest On 50000 Par Val Federal Home Loan Banks 4.5000% 06/14/24 Payable Date : 06/14/2023 Rate Of 4.5	1,468.75	
06/29/2023	Interest On 25000 Par Val Federal Home Loan Banks 4.8750% 06/14/24 Payable Date : 06/14/2023 Rate Of 4.875	734.64	
Sub Total		11,804.82	0.00

Date	Description	Income	Principal
<u>Buys</u>			
04/03/2023	Daily Factor - Buy 49.851 Shares Of Vanguard Fixed Income Secs Fd Admiral Trade Date : 04/03/2023 Settlement Date : 04/03/2023 Cost = \$ 261.22 49.851 Shares At \$ 5.24 Reinvestment Of Income		-261.22
05/01/2023	Daily Factor - Buy 50.806 Shares Of Vanguard Fixed Income Secs Fd Admiral Trade Date : 05/01/2023 Settlement Date : 05/01/2023 Cost = \$ 266.73 50.806 Shares At \$ 5.25 Reinvestment Of Income		-266.73
05/30/2023	Buy 25000 Par Val Federal Farm Credit Banks 5.9500% 05/30/30 Trade Date : 05/24/2023 Settlement Date : 05/30/2023 Cost = \$ 25,000.00 25000 Par Value At \$ 100.00		-25,000.00
06/01/2023	Daily Factor - Buy 48.745 Shares Of Vanguard Fixed Income Secs Fd Admiral Trade Date : 06/01/2023 Settlement Date : 06/01/2023 Cost = \$ 252.50 48.745 Shares At \$ 5.18 Reinvestment Of Income		-252.50
Sub Total		0.00	-25,780.45

Sells

Date	Description	Income	Principal
05/26/2023	Sell 5000 Shares Of Vanguard Fixed Income Secs Fd Admiral Trade Date : 05/25/2023 Settlement Date : 05/26/2023 Cost Reduction : \$ 27,526.86 Short Term G/L : \$ -138.84 Long Term G/L : \$ -1,588.02 5000 Shares At \$ 5.16		25,800.00
06/22/2023	Sell 2300 Shares Of Vanguard Fixed Income Secs Fd Admiral Trade Date : 06/21/2023 Settlement Date : 06/22/2023 Cost Reduction : \$ 12,558.00 Long Term G/L : \$ -575.00 2300 Shares At \$ 5.21		11,983.00
Sub Total		0.00	37,783.00
<u>Disbursements</u>			
04/03/2023	Daily Factor - Transfer of Cash From Transfer From Income For Reinvestment		261.22
04/06/2023	Market Fee Market Value: 1,395,834.20	-2,442.71	
05/01/2023	Daily Factor - Transfer of Cash From Transfer From Income For Reinvestment		266.73
06/01/2023	Daily Factor - Transfer of Cash From Transfer From Income For Reinvestment		252.50
06/22/2023	Scheduled Post Dated Cash Disbursement Transfer Paid To :		-25,000.00
Sub Total		-2,442.71	-24,219.55

Date	Description	Income	Principal
<u>Receipts</u>			
04/03/2023	Daily Factor - Transfer of Cash To Transfer To Principal For Reinvestment	-261.22	
05/01/2023	Daily Factor - Transfer of Cash To Transfer To Principal For Reinvestment	-266.73	
06/01/2023	Daily Factor - Transfer of Cash To Transfer To Principal For Reinvestment	-252.50	
Sub Total		-780.45	0.00
<u>Other/Miscellaneous</u>			
06/08/2023	Amortization - Adjust Cost on Taxlots Federal Home Loan Banks 4.6250% 12/08/23 Income Date : 06/08/2023 Amount Of Adjustment = -42.28 New Lot Cost = 120,043.17 [Bond Prem Amort]		
06/13/2023	Amortization - Adjust Cost on Taxlots Federal Home Loan Banks 4.8750% 06/14/24 Income Date : 06/13/2023 Amount Of Adjustment = -7.55 New Lot Cost = 25,015.70 [Bond Prem Amort]		
06/14/2023	Amortization - Adjust Cost on Taxlots Federal Home Loan Banks 4.8750% 06/14/24 Income Date : 06/14/2023 Amount Of Adjustment = -0.04 New Lot Cost = 25,015.66 [Bond Prem Amort]		
Sub Total		0.00	0.00
<u>Short Term Investment Summary</u>			
	10 Purchases (s) For		-33,774.37
	3 Sale (s) For		37,409.71
Ending Balances		\$ 49,146.19	\$ -49,146.19