

DEPARTMENT OF CITY CLERK

CITY HALL

JANUARY 16, 2009

The Commissioners of Dexter Donation meet this day at 4:00 o'clock P.M., in Committee Room "A", Third Floor, City Hall.

PRESENT: Mayor David N. Cicilline, Dr. Wayne J. Montague, Renee L. Bailey, Krystle Gomez, Pleshette Mitchell and Violet R. Little – 6.

Also present are Jeffrey D. Fabrizio, Wainwright Investment Counsel LLC; Leo Perrotta, Senior Advisor, Mayor's Office; Alicia Germani, Mayor's Scheduler, Mayor's Office; Lori L. Hagen, Second Deputy City Clerk and Sheri A. Petronio, Assistant Clerk.

ORGANIZATIONAL MEETING – ELECTION OF CHAIRPERSON.

LEO PERROTTA: Are there any nominations for Chair?

DR. MONTAGUE: There are no nominations for Chair because the Mayor takes the seat as Chair. So the nomination would be for the Mayor. It's basically automatic.

DISCUSSION RELATIVE TO TREASURER'S REPORT.

MAYOR CICILLINE: Okay. Item number two, the Treasurer's Report.

MS. HAGEN: It's been distributed. Everybody has a copy of it. It's underneath your agendas.

MAYOR CICILLINE: All right, does anyone have any questions? Do we actually call the people that have outstanding grants?

MS. GERMANI: Mayor, the people with those outstanding grants I've been calling them since last year. So we were thinking that the funds get moved over to this year's Dexter funds since they haven't been used. We've tired to call them all.

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MAYOR CICILLINE: I would recommend that we wait one more month and give them one more final try and if they don't then we will just move them over.

MS. GERMANI: Okay.

DISCUSSION AND SCHEDULING OF APPLICATION PROCESS FOR SUBMISSION OF PROPOSALS AND DISTRIBUTION OF FUNDS.

MAYOR CICILLINE: I think we have a report of funds we have to distribute.

MR. FABRIZIO: That's correct. What we have here in this report is under tabs one and two are the reports for the Dexter Donation and the Ebenezer Knight Dexter Fund respectively stated as of December 31, 2008. I will go through these reports very briefly. Under tab one, you will see the Dexter Donation Trust. As of the end of the year, it had a market value of approximately \$1.3 million dollars. The year-to-date return in that portfolio you will see toward the right was down 31.3%. Now, put that in perspective. The overall financial equity markets as measured by the S & P 500 were down about 37%. This portfolio is structured – the target structure is to have approximately 80% in equity and 20% in fixed income. However, because the equity markets have fallen so drastically in 2008, those percentages have shifted as they sometimes do. As of year end the allocation is approximately 70/30, 70% to equities and 30% to fixed income. However, that is in line with what we have seen with other clients as well, allocation shifts of that magnitude. I look at the funds in the Dexter Donation, which are the same funds incidentally in the Ebenezer Knight portfolio, and there is nothing here that I look at that's sticks out as a red flag as being needed to replace. I think you have some very good funds here managed by Vanguard, Boston Partners, T. Rowe Price, Columbia, PIMCO and so forth and so on. A very well diversified portfolio that I

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believe even in the face of the economic downturn that we're in right now will weather and accomplish our goals over long periods of time. Each individual year they may or may not. Again, depending on market performance but I still very much believe in the structure of the overall portfolio over the long. On the following page, we put a little history together for you. In total return figures as well as unrealized and realized gains and losses by year on a total portfolio basis, total net income of total yearly gains in dollars, what the net outflows have been and the market value of course. So for this year you will see again that the portfolio is down approximately 31%, the unrealized gains and losses, which in this case of course was a loss of approximately \$680,000.00. You've earned approximately \$84,783.00 in net of fee income from your portfolio, primarily from your fixed income managers. As you know they pay coupons. Your total yearly gain in dollars, which we arrive by simply netting out the two previous is approximately \$594,848.00, and your net outflows were approximately \$124,425.00, getting us to a market value of approximately \$1.3 million dollars. On the bottom we have the total returns in those figures since inception.

DR. MONTAGUE: What was the total loss for the year?

MR. FABRIZIO: The total loss for the year in dollars net of your income was \$594,848.00, which is in the fourth and fifth column. So, again, that is net of the income you took in from your managers.

MAYOR CICILLINE: The net outflow, is that the disbursements for the grants? The \$124,425.00.

MR. FABRIZIO: That is what has been taken out of this portfolio to date this year.

MAYOR CICILLINE: For grants that we awarded.

MR. FABRIZIO: That's correct.

MAYOR CICILLINE: I have two questions. One, do you make any recommendations with respect to changing our allocations?

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MR. FABRIZIO: No.

MAYOR CICILLINE: Second, I think we previously had adopted a policy of 5%. Is that correct?

MR. FABRIZIO: That is correct. The portfolio was built for an income for spending rate equal between 3% and 5%. We had come to the 5% number because it's very typical for endowments, I realize this isn't an endowment but it's like an endowment in that it's built for spending to have a 5% spending rate. That's how we historically got to 5%. Given the magnitude of the market downturn last year however, we would feel most comfortable at the lower end towards 3% for this particular year.

MAYOR CICILLINE: What would that figure be?

DR. MONTAGUE: We're just looking at one account right now, right?

MR. FABRIZIO: We're just speaking about the Dexter account.

MAYOR CICILLINE: Let's do them together.

DR. MONTAGUE: So we get the total number.

MR. FABRIZIO: Our recommendations in terms of spending rates would be the same.

MAYOR CICILLINE: Okay. How about with respect to allocations?

MR. FABRIZIO: I was just going to say with respect to your prior question we're not recommending any changes for the Ebenezer Knight portfolio as well. So for both portfolios, given the market downturn, we're recommending a spending rate of 3%, which in dollars equates to approximately \$390,000.00, call it \$400,000.00 for the Dexter Donation Trust.

MAYOR CICILLINE: Three percent is \$400,000.00?

MR. FABRIZIO: That's not right, 3% is \$40,000.00 pardon me.

DR. MONTAGUE: Forty thousand dollars out of Dexter?

MR. FABRIZIO: From Dexter.

DR. MONTAGUE: Can you take us through number two?

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MR. FABRIZIO: Yes, I will take you through number two as well. Shall we do that now?

DR. MONTAGUE: Yes.

MR. FABRIZIO: Okay, under tab two it's the very same report as of year end for the Ebenezer Knight Dexter Trust. It too was initially set-up for an 80/20 equity fixed income mix. However, again due to market dislocations the mixed now it approximately 70% equities and 30% fixed income.

DR. MONTAGUE: Same as number one.

MR. FABRIZIO: Because the allocations and the funds are the same, we would expect as is the case for 2008 that the performance of the two portfolios be very similar. Ebenezer Knight for the year was down 31% and again outperforming the overall equity markets, which were down 37%. Now why do we compare this diversified portfolio to the equity markets, because over the long term we're looking for equity like terms, that's why. We think we can beat that with a more diversified portfolio. If you were to look through the funds you would see that the funds that we have for Ebenezer Knight are the very same funds that we are using for the Dexter Donation Trust in approximately the same proportions as the Dexter Donation Trust as well. Like the prior fund, we are very comfortable with the underlying mutual funds in the Ebenezer Knight Dexter Trust and again I don't recommend any changes at this time. The market value of this trust as of year end was \$1.66 million dollars approximately and you will see that at the bottom towards the middle of the page.

DR. MONTAGUE: I'm lost on that one.

MR. FABRIZIO: On the following page we have the very same information and to answer your question the total yearly gain in dollars net of the income you receive from you fixed income managers was \$748,034.00. Again, that is net of the income that you had taken in and I'm looking at this column right here.

MAYOR CICILLINE: So we lost 856,000 and change and earned \$108,000.00 so it would \$748,000.00.

MR. FABRIZIO: That's correct.

MAYOR CICILLINE: Is your recommendation the same on that 3%.

MR. FABRIZIO: That is correct.

MAYOR CICILLINE: What is that figure?

MR. FABRIZIO: Fifty-eight thousand dollars, call it \$60,000.00.

MAYOR CICILLINE: Leo, what did we do in terms of the two grants last year.

LEO PERROTTA: \$276,500.00.

MAYOR CICILLINE: This is obviously a difficult decision. We don't want this fund to not exist. We have a responsibility to preserve it. One thing I didn't get to look at, and I will ask the commissioners to consider, is we really have to limit the donations this year to food, shelter and emergency. We're going to have to make choices that I believe in terms of basic necessities so people can keep warm and safe and unfortunately not have the same opportunity to do stuff on that list like cultural programs and arts.

DR. MONTAGUE: I agree it's tight.

MAYOR CICILLINE: Alicia, in the past I know you did different categories but I think it would be very important to the commissioners that we separate out what would be described as food, shelter, clothing. So, put those at the top of the list when you are creating it. Do we have a schedule proposed as far as a time line?

MS. GERMANI: In the little packet I gave you the letter that I will send out next week if it's approved that we do the application process to open on February 2nd and the deadline would be March 2nd by 4:30 p.m.

MAYOR CICILLINE: I would prefer to just have a record of such that this board has previously adopted a policy of a 5% disbursement and we will just have

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a report of what those are. I know we are in a position to vote to cut the distribution by 2/3. We will just report on what's available. We've already adopted a policy of 5% and unless there is a motion to vary from that we will just continue on that practice.

DR. MONTAGUE: Is there any special wording that we can put in it when we send this out to the newspaper because we're going to get stuff from everybody regarding every little thing.

MS. HAGEN: It does say that in the advertisement.

DR. MONTAGUE: Does it?

MS. HAGEN: Yes, it does. It says for criteria, a, first priority will be given to programs relating to food, clothing, shelter and healthcare. Then it says educational programs will receive second priority and c, third priority will be given to programs offering recreation.

DR. MONTAGUE: Do you want to take out the second and third?

MAYOR CICILLINE: My suggestion is that it should say this year due to the circumstances, we have to think about the way to word it. This year is as a consequence of the urgent economic situation the grants will be limited only to and list those categories.

MS. HAGEN: So we're just going to leave a.) in there and then we will add the wording as stated to the advertisement.

DR. MONTAGUE: Tough times.

MAYOR CICILLINE: Is there anything else we need to do?

MS. GERMANI: The last thing would be that we keep track of the final monitoring reports. So, anybody that received money last year will need to fill out their final monitoring report with receipts to let us know how they use the funds before they are eligible to apply for this year's.

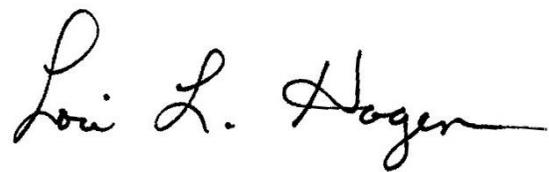
DR. MONTAGUE: Are you contacting those individuals also to make sure they come in and do that?

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MS. GERMANI: Yes. I will be sending it to them in the mail and letting them know when the new time line is as well.

MAYOR CICILLINE: Any other business. If not I will entertain a motion to adjourn.

ADJOURNMENT: On motion of Dr. Montague, Seconded by Ms. Bailey, it is voted to adjourn the meeting at 4:30 o'clock P.M.

A handwritten signature in black ink that reads "Lou L. Hagen". The signature is written in a cursive style with a long horizontal flourish at the end.

Second Deputy City Clerk

A handwritten signature in black ink that reads "Sheri A. Petronio". The signature is written in a cursive style.

Assistant Clerk