

*George Robert White*

GEORGE ROBERT WHITE FUND

*Chairman*

Thomas M. Menino, Mayor

*Trustees Ex-Officio*

President of the City Council

Chairman of the Chamber of Commerce

President of the Boston Bar Association

City Auditor



## The George Robert White Fund

### 75<sup>th</sup> Anniversary Report

Background: The George Robert White Fund, established in 1922, through the bequest of the industrialist George Robert White, is a sole source capital construction and acquisition fund. The White Fund holds title to the "works" it creates and leases them at no fee to City agencies and non-profit organizations in order to provide social, cultural and recreational programs for the residents of Boston. The White Fund can expend funds to subsequently improve and/or expand the "works" it creates, but the routine maintenance and operational expenses of each facility is the responsibility of its user agency.

#### History

In its seventy-five year history, the George Robert White Fund has provided more than twenty "works of public utility" to the residents of Boston. During its first ten years of existence (1923-1932) the income from Mr. White's approximately \$5.2 million in devised real estate was utilized to create the nation's first series of community health centers by constructing a series of seven health units in the various neighborhoods of Boston. These units, each approximately 20,000 square feet in size and constructed of high grade material in brick, granite, marble and wrought-iron, provided health care services to Boston's residents for almost fifty years as sub-divisions of Boston City Hospital. These "works of public utility" provided aide to literally thousands of Boston's residents during the height of the Depression era. In a time before Social Security, Medicare or Medicaid, they became outposts for health care, social services' and child welfare programs that existed nowhere else.

The post Word War II decade saw a resurgence in the Fund's activity with the creation of two new neighborhood health centers, along with the Fund's first ventures into recreational activities with the construction of two large community pools (at Charlestown Heights and along the North End waterfront) and a Youth Sports Stadium in Franklin Park. The Fund also ventured into memorial and park construction with the establishment of the White Fund's Veterans' Memorial Park in the Fenway and the final phase of the completion of the "Prado" in Boston's North End with the installation of the Paul Revere Statue by artist Cyrus E. Dallin.





The next two decades from 1953 - 1972 were difficult years for the Fund and the City of Boston. During this period, the Fund's income neither created any additional works nor improved the Fund's pre-existing facilities. Instead, the Trust's total net income of more than \$3.0 million was utilized to recapitalize the Fund's principal account which had been impaired due to the declining value of Boston's and the Fund's real estate. The bulk of the White Fund's real estate holdings were sold during the 60's and 70's for less than 20% of their original 1922 value. In 1960, the White Fund's West End Health Center was acquired by the Boston Redevelopment Authority (BRA) via eminent domain. The \$500,000 in proceeds from this taking were also added to White Fund's principal to adjust for the impairment.

The 1970's and early 80's saw the Fund complete the final sales of Mr. White's original devise (excluding the Fund's vacant lot at 146 Boylston Street property which was acquired by the BRA via eminent domain in 1997 for \$712,500) along with real estate holdings the Fund had acquired for investment purposes.<sup>1</sup> The Trustees approved the first grants for the renovation of its pre-existing inventory of works in more than twenty years when total authorizations of \$525,000 and \$325,000 respectively were approved for improvements to the Fund's South Boston and East Boston Health Centers (now independent non-profits operating under BCH's license). In 1975, the White Fund acquired a building along Hanover Street in the North End for a neighborhood health center and created the Children's Zoo at Franklin Park. The George Robert White Stadium at Franklin Park was transferred to the School Department for management by an act of the Legislature in the mid 70's while the White Fund's Whittier Street Health Center in Roxbury was acquired by the BRA via eminent domain in 1979. The proceeds from this taking (\$977,000) were added to the Fund's now growing income account since the White Fund's Principal Account's market value now exceeded the original bequeathed amount. In 1979, the Fund approved its first grants for new construction in more than twenty-five years when it authorized \$1.0 million for the construction of a 7,500 square foot gymnasium in East Boston's Orient Heights neighborhood and \$750,00 for a 5,000 square foot Community Resource building abutting the White Fund's Children's Zoo. During the construction of these buildings, the Manager and Assistant Manager of the White Fund retired and the management activities of the White Fund were undertaken by various City departments. The market value of the Trust's Principal Account grew to \$7.5 million by the end of 1985, while the Income Account held \$5.0 million. The Principal Account was now invested in stocks and bonds, but its performance from 1980 to 1985 (hamstrung by outdated investment guidelines) ranked it in the lowest 1% of managed public funds in these United States. The Income Account was 100% in short term cash securities although none of the funds were authorized for expenditure. This resulted in a severe opportunity loss to the White Fund when the stock and bond markets rose more than 25% in 1985.

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<sup>1</sup> The National Theater in the South End was acquired by the White Fund in 1975 for \$450,000. The Fund subsequently sold the Theater to the Boston Center for the Arts in 1981 and accepted a \$475,000 non-recourse mortgage from the BCA and deferred the note's first payment to 1986. The BCA made one payment on the mortgage and after a series of BCA requested deferral defaulted on the mortgage in 1994. In 1995, the mortgage was deemed uncollectable and the White Fund turned in rights to the property over to the City. The City acquired and subsequently demolished the building turning development rights to the parcel over to the BRA. The BRA, with extensive community input, undertook a detailed developer search and in 1998 announced the finalist's proposal which will result in the construction of a new \$30 Million theater/residential complex on the site.



## A New Beginning

The Trustees of the White Fund restructured the White Fund's management, investment structure and guidelines in 1986. The Executive Secretary of the City of Boston's Trust Office was appointed by vote of the White Fund's Trustees to the Fund Manager position while the investment management of the Trust's portfolio was restructured, after a comprehensive search process, which resulted in the hiring of the investment advisory firms United States Trust Company (Principal) and Loomis, Sayles Inc. (Income). The Trustees further directed the Trust Office to undertake a facility needs assessment of the White Fund's sixteen remaining "*works of the Fund*".

When the preliminary details of the assessment were compiled in early 1987, the information presented was sobering. Two of the Fund's properties, its health center on Blue Hill Avenue in Dorchester and its pool at Charlestown Heights were closed, while its other facilities were beset with serious code and access violations.

## Trust Office Management: 1986 - 1998

The market value of the White Fund Principal Account increased dramatically during this period, from \$7.5 million to more than \$22.6 million. Concurrently, the income generated from the Principal Account coupled with the income and expendable capitals gains generated on the Trust's Income Account investments added almost \$15 million to the original \$5 million Income Account balance. The Trust's overall performance during this period placed it in the top 10% of managed public funds in the United States and the top 25% of all funds including endowments, union and university funds.

These fine results allowed the Fund to undertake the first comprehensive reconstruction program in the Fund's history. In the years between 1988 and 1997, more than \$9.5 million was expended and/or authorized to improve, rebuild or expand the White Fund's existing inventory of property. These renovations dramatically improved the public's benefit and utilization of the White Fund's facilities. The health centers were provided with updated examination rooms and clinic space along with new roofs, boilers and windows. The Fund's neighborhood pools were rebuilt and reopened, its memorial parks renovated and its day care facility in Roxbury expanded. These renovations helped the Fund's user agencies decrease their building's utility costs by between 10 and 15% while expanding their community activities to include new programs such as computer learning centers and infant mortality intervention programs.

The initiation of this reconstruction program allowed the Fund in 1989 to undertake a City-wide assessment of the size and location of the facilities that were providing recreational and health care services to the citizens of Boston. This analysis, cross referenced by age and population patterns, identified a series of areas within Boston's neighborhoods which, due to their high concentration of youth and/or seniors, were being under served by the programs offered in their respective communities. The Board decided to renew the White Fund's commitment to Boston's youth but sought to initiate the process in a manner which would limit the operating subsidies provided to such a new facility by the City. This charge resulted in the construction of three new



multi-use recreational facilities in South Boston, Mattapan/Dorchester and Roslindale/West Roxbury. These facilities, totaling in excess of 80,000 square feet, provide programmed activities to more than 1,000 of Boston's youth on a daily basis. They each include a new gymnasium, computer center, teen lounge and multi-use activity spaces. The Roslindale/West Roxbury facilities also includes a Senior Center. Private contributions provide up to 90% of each facility's annual operating expenses. The construction of these new centers coupled with the Fund's acquisition of the James Michael Curley House in 1988 brings to twenty the number of White Fund facilities currently operating in Boston. During the Trust Office's tenure as manager of the George Robert White Fund, the combination of the White Fund's reconstruction program and new construction activities has resulted in the expenditure of more than \$16.5 million for new construction and facility renovation while the market value of the Trust's invested principal appreciated by more than \$15.0 million during the same period.

#### Future

George Robert White once said "If we are happy, if we are to be successful, if we are to live rewarding lives, we must share our material gains and ourselves with our fellow man", as we approach the dawn of a new millennium, the residents of the City of Boston can feel confident that the Fund that bears Mr. White's name will continue to honor his memory and foster his ideals.

Robert J. Fleming  
Fund Manager  
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