

**Dean Fund Committee Meeting  
January 10, 2012  
Wheeler Center  
4251 Stone School Rd., Ann Arbor  
MINUTES**

**Members Present:** Warren Attarian, John Bassett, Al Gallup, Jane Immonen, John Remsberg

**Members Absent:** Bonnie Ion

**Staff Present:** Kerry Gray and Kay Sicheneder

**Guest:** Matt Horning, City Treasurer

**John Bassett** called the meeting to order at 9:00 a.m.

**Action Item #1- Approve January Agenda**

DFC reviewed agenda. **John Basset** motioned to approve. **Warren Attarian** seconded. Committee unanimously approved.

**Action Item #2- November Meeting Minutes**

DFC reviewed November meeting minutes. **Al Gallup** motioned to approve. **Mr. Bassett** seconded. Committee unanimously approved.

**Discussion Item #1: Dean Fund Financial Update- Matt Horning, City Treasurer**

**Mr. Horning** passed out Financial Statement- most recent report for Nov 2011, December 2011 not completed yet. Ending amortized cost summary (balance) \$1,454,482.84. This amount does not include the reinvestment of the bonds that had matured. The reinvestment has occurred and the balance is now around \$1.9 million.

In the past the City has had a policy that it will not invest in notes with a maturity greater than 7 years. **Mr. Horning** recently went to Council to change investment policy--US T-Notes can now go out 15 years. There are controls on the portfolio on what can be invested in 7-10 years and 11-15 years bonds.

Dean fund is currently outperforming the city pool of investments-- Dean Fund interest 2.24% and City pool of investments 1.65%.

**Mr. Horning** is currently buying 2-3 year T-Notes-- trading water waiting for market to turn around. He is not buying long term bonds for Dean Fund right now because it does not make sense-- keeping portfolio shorter in duration allows flexibility to reinvest when the interest rates start to go back up.

The Dean Fund's budget will continue to decline until the market starts to go back up. FY12 and FY 13 budget was \$50,000 and in the future it is projected to be below \$50,000.

**John Remsberg** asked why the T-Notes cannot be purchased for 30 years. **Mr. Horning** answered that you will get locked into the rate of the 30 year note and if interest rates increase you are locked into a lower rate. You can trade out for a higher bond but you would sell at a loss and buy at a higher price. **Mr. Horning** reminded the DFC that the Trust can only invest in US Treasury notes.

Interest rates are at or near 0% for overnight- long-term rates. Yield curve is flattening- long term rates are decreasing. Europe is a big driver of our interest rates-- selling European bonds and buying T-Notes. When there is high demand T-note interest rates go down.

Good to have the money in the city pool of investments to be able to add to the yearly DFC budget if the interest income is going to be \$50,000 or below per year for the next 3-5 years.

**Mr. Remsberg** asked about the City Pool investments. City Pool Investments- 50% treasury and 50% US Instrumentalities (Freddie Mac, Federal Farm Bank, Federal Home Loan Bank, Fannie Mae-- US Agencies (Sallie Mae, TVA), Bank CDs)). How much latitude does city have with investments in the city pool? Public Act 20 of 1943 addresses how investments can be spent by municipalities; in addition the city has investment policies that put further restrictions on what the City can invest in. It does not make sense for government to expose itself to risk.

What do you do when bonds come due? **Mr. Horning:** Two coming due soon-- one due on April 30. He will reinvest at a 2 year bond earning something close to 1%. We will be losing quite a bit in interest with the bonds coming due.

#### **Information Item #1: FY12 Budget Update**

Kay Sicheneder saw a lot of activity this fall with the rejuvenation project- removal, stumping and tree planting. Equipment has not been fully taken out of the budget. Big expenses in the spring watering- need to be careful of temporary staff watering and find out how much should be spent on it.

Spent \$38,000 for rejuvenation so there should be enough money-- \$20,000 left to spend for trimming the area.

The February meeting budget should be updated with equipment to see what may be left to spend

**Information Item #2:** Update on Unfinished work funded in FY11 by Project Name -- **NO UPDATE**

**Information Item #3:** Rejuvenation Project -- **see Information Item #1**

#### **Discussion Item #2: Bylaws as drafted by Attorney's Office**

Boilerplate language that was added to the Bylaws.

**Mr. Attarian** had questions regarding the Council member voting--Article V, Section 1. Council member has always had the ability to vote based on the Committee resolutions regarding the formation and composition of the Committee. He feels that the Council Member should not vote. Other

members did not see this as a problem. **Mr. Bassett** commented that Council representative will probably not attend and will not impact vote.

**Mr. Attarian** questioned--Article X- Meetings questions regarding quorum.

Review changes to the bylaws and provide any questions/changes to John Bassett and Kerry Gray by **Tuesday, January 24.**

**Discussion Item #3:** **Ms. Sicheneder** will review budget to see if there is funding to complete any projects in the spring. Update at next meeting.

**Information Item #4: Next meeting: Tuesday, February 14, 2012**

Discussion of bylaws-- action on bylaws will not occur until April 10, 2012 meeting.

*Current FY 2012 Approved Projects*

<b>Project Name</b>	<b>Approved Amount*</b>
Rejuvenation Projects- tree trimming, removals, stump grinding- Granger, Brooklyn and Morton**	\$49,100
Rejuvenation Projects- tree planting- Granger, Brooklyn and Morton	\$10,000
<b>TOTAL</b>	<b>\$59,100</b>
<b><i>*Note: This is the budgeted amount and not the actual amount expended.</i></b>	
<b><i>**Project continuation from FY11 (FY11 project budget: \$70,000- expended \$20,868 in FY11)</i></b>	