

**Dean Fund Committee Meeting**  
**October 21, 2008**  
**Wheeler Center**  
**4251 Stone School Rd., Ann Arbor**  
**MINUTES**

**Members Present:** Warren Attarian, John Bassett, Merrill Dudley, Al Gallup, John Remsberg

**Members Absent:** Charles Cares, Don Gray

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

**Guests:** Matt Horning, City Treasurer

**Warren Attarian** called the meeting to order at 8:10 a.m.

The minutes from the September 16 meeting were reviewed. **Al Gallup motioned** to approve the September 16 meeting minutes. **John Remsberg seconded**. Committee unanimously approved.

**Old Business**

- **Financial/Legal Discussion and Updates**

- **Matt Horning**, City Treasurer joined the DFC to provide an update on the Dean Fund and to answer any committee members' questions. **Mary Fales** from the City Attorney's office could not make this meeting. A special meeting will be scheduled with **Ms. Fales**.
- **Mr. Horning** provided a status of the Dean Fund Trust investments. He provided a status report from the city's advisor, MBIA to each DFC member and explained the report.
  - All of the Dean Fund Trusts funds are invested in T-notes.
  - A large portion of the funds are in the 1-2 year range which is protecting the Trust from having to buy into the market right now, where yield is 1-2%.
  - All bonds have a Standards and Poor rating of "AAA"
  - The transaction costs (buying/selling) are built into the price of the T-notes.
  - If the DFC is interested, **Mr. Horning** can notify when a trade is made.
  - The corpus of the trust is \$1,972,928.88. This amount does not include the approximately \$71,000 bond that matured in August. **Mr. Horning** did not buy a bond with this money in August because interest rates were at 1.3%, so he waited until the rate was a little higher. He just bought a bond 10 days ago at a rate of 1.55%. While waiting to invest the \$71K, the money was in the City's investment pool, earning 3.95%.
  - The current fund balance in the City Pool is \$208,000.
  - **Merrill Dudley** asked Mr. Horning how long he could hold on to the money he receives from matured bonds. He can hold on to the money indefinitely.
  - **Mr. Remsberg** asked if the Trust could invest in 30 year T-notes. **Mr. Horning** stated that the Trust is limited to a maximum 7 year T-notes by Public Act 20.

- When interest rates are declining the Trust will earn more, when interest rates are increasing the Trust earns less due to the investment ladder that Mr. Horning utilizes for the Trust bonds because it allows a lot less volatility.
    - While rates are low, Mr. Horning will buy low on the ladder (i.e. 1 year term bonds) so that the Trust does not have to hold on to bonds that have a low interest rate.
  - **Mr. Remsberg** asked if the Trust could invest in municipal bonds. **Mr. Horning** said no, the money must be invested in T-notes.
  - DFC members asked if they could grow the corpus of the fund? **Mr. Horning** stated this was a question they should ask Ms. Fales from the City Attorney's office at the next meeting. She had been doing some research on the question and will be able to provide an answer.
    - **Ms. Dudley** stated that John Laird an attorney, who is the husband of Peggy Laird (a long time DFC member), brought the question about increasing the corpus of the fund to court. The court ruled that the DFC could add to the corpus of the fund. **Ms. Dudley** said she would contact Ms. Laird.
      - Each year the DFC would give 5% of their yearly budget to reinvest into the corpus, this was done for 10-15 years.
  - **Mr. Horning** will compare the Trust balance from 1964 to present and then forecast out. He will bring the results to the meeting with Ms. Fales.
  - **Mr. Attarian** would like some options to hedge against inflation.
- **Proposal Form**
  - Tabled for a later meeting so Mr. Attarian can review.
- **Hikone Cherry Trees**
  - **Mr. Gallup** contacted Ms. Schumacher and this year will mark the 30<sup>th</sup> anniversary of relationship between Hikone Japan and the City of Ann Arbor. They had a dinner to commemorate the anniversary but do not have any further plans to celebrate the anniversary. For the 25<sup>th</sup> year, they put a rock at Gallup Park and also planted a tree there. There is still the exchange program between the middle school students of Hikone and Ann Arbor, that is program is celebrating its 40<sup>th</sup> year. Mr. Gallup did not think it was worth the DFC to pursue this project at this time.
- **Action Item List**
  - DFC members went through the Action Item list from the September meeting. Action items still to do:
    - **Ms. Sicheneder:**
      - Provide Mr. Gallup with an estimate of how much it would cost to replace the crabapples lost at Veteran's Park.
- **Action Item List (continued)**
  - **Mr. Gray:**

- Contact Steve Gibson with the Ann Arbor News about doing a DFC article.
- **Ms. Dudley:**
  - Contact the previous Dean Fund Committee Chair Bob Elton to get history on reinvesting into the corpus of the fund
  - Contact Mr. David Segal, head of the naturalist program for Ann Arbor Public Schools to see if he would be interested in participating in an Arbor Day/tree planting event(s) sponsored by the Dean Fund.

**New Business**

- **Potential Projects**

- **Kerry Gray** provided a list of three potential projects the DFC could fund with some of the \$207,000 fund balance currently in the City's investment pool.
  - **Model Neighborhood**
    - Estimated budget (minimum):* \$60-70,000
    - Potential Area:* King George Neighborhood
    - Program Summary:* Create a model neighborhood that demonstrates how a neighborhood should look when trees are properly planted, pruned and stumps removed. The King George neighborhood contains houses that were built in the 1960-70's and would serve as a good demonstration area.
  - **Citizen Pruner**
    - Estimated budget:* \$25,000
    - Potential Area(s):* To be determined
    - Program Summary:* Development of a program to train citizens to do young tree pruning of city owned trees. All pruning would be done on the ground using hand saw or pole pruners. Training trees while they are young, helps them to develop good form and avoid costly pruning in the future. The first few years of the program it is anticipated that City staff would assist the citizens and then as the program develops individual citizen groups could go out to areas identified by city staff and prune young trees on their own.
  - **Beautification of a gateway into the City**
    - Estimated budget (minimum):* \$15,000
    - Potential Areas:* Washtenaw Ave., Eisenhower Parkway
    - Program Summary:* Beautify islands along one (or more) of the gateways into the City. Beautification will include removing any dead/dying plant material, pruning of any trees, if necessary, planting new trees and other plants, mulch, etc. Elizabeth Dean Fund signage will be created and displayed on the island(s).
- **DFC members** discussed project ideas and would like to discuss them further at the November meeting. **Mr. Attarian** suggested that the DFC could possibly take a tour of the sites.

Meeting adjourned at 10:22 a.m.