

**CITY OF DEARBORN**  
**CHAPTER 23 - POLICE AND FIRE REVISED RETIREMENT SYSTEM**  
*(System Close Dates: Police: 07/01/2005...Fire: 05/01/2009)*  
**NOTICE of BOARD OF TRUSTEES MEETING & AGENDA**  
**Dearborn Administrative Center – Council Chambers**  
**16901 Michigan Avenue, Dearborn, MI, 48126**

**8:30 AM, Thursday, April 24, 2025**

**Open Session Minutes**

<b>Board Attendance</b>	<b>Present</b>	<b>Absent</b>	<b>Term End Date</b>
Randa Dagher, Chair, Mayor Appointed	X		01/01/26
Alan Brzys, Vice Chair, City Council Appointed	X		01/01/26
Daniel Bartok, Trustee, Police Member, Elected	X		06/30/27
Madou Bazzi, Trustee, Police Member Elected	X		06/30/25
Chad Bronson, Trustee, Fire Member Elected	X		06/30/27
James Rodgers, Trustee, Fire Member Elected	X		06/30/25
Ibrahem Mac Elabed, Trustee, Citizen Appointed (In at 8:39)	X		01/01/26

<b>Other Attendance</b>	<b>Present</b>	<b>Absent</b>
Michael Kennedy, Board Secretary (Out @ 10:56)	X	
Robert Festerman, Pension Administrator	X	
Robert Benak, Pension Accountant	X	
Jeremy Romer, Legal Counsel		X
Marie Racine, Legal Counsel	X	
John Krakowiak, Graystone, Consultant	X	
Amy Cole, Graystone, Consultant	X	
Dan Crowley, Dimensional Fund Advisors	X	

**\*Roll Call Time: 8:34 A.M.**

**Quorum Met (Needs 5 attending members for a quorum): Yes**

1. Consider agenda as proposed

<i>Motion by:</i>	<i>James Rodgers</i>
<i>Support by:</i>	<i>Madou Bazzi</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2025-22</b>

## 8:30 AM - INVESTMENT CONSULTANT BUSINESS

### 2. Dimensional Fund Advisors – Manager Update

Dan Crowley presented the investment manager update for Dimensional Fund Advisors (“DFA”) regarding the International Core Equity 2 Portfolio (the “Fund”) which was developed 20 years ago. Mr. Crowley highlighted that the Fund has a current balance of \$31.7 billion in assets. The Fund operates in developed markets (excluding the United States) and with a range of investments, the largest holdings of which are mega cap corporations and down to \$50 Million companies. Mr. Crowley explained DFA will invest in smaller companies than many indexes will hold due to their proprietary investment strategy. This strategy includes holding slightly underweight investments for the mega cap companies and being overweight in those smaller, more profitable companies than the benchmark. Mr. Crowley further explained the portfolio as having very similar allocations as an index but with lower turnover, lower cost and greater diversification due to the Fund’s investment strategy, allowing them to outperform the benchmark reliably.

The Fund turnover was just under 10% for the last 12-month period. The Fund has an expense ratio of 23 basis point, which is competitive to similar products in the market. The standard benchmark is the MSCI World ex USA Index. Alternatively the MSCI World ex USA IMI may be used which has a lower average market cap and a more comparable number of companies owned than the standard benchmark. Compared to both benchmarks the DFA Fund has far more diversity, less weighted average market cap and a slightly higher weighted average profitability of 0.31.

The Fund has overweighted allocations in sectors like industrials, consumer discretionary sectors, materials and energy but is underweight in larger cap companies compared to the benchmark. Mr. Crowley explained the allocations not as a goal or a guideline, but a by-product of the investment strategy and day to day management of the fund.

Regarding Fund performance, Mr. Crowley highlighted the last 10 years of performance, in which the Fund performs on par with the benchmark. Since inception (October 2005); performance shows a 5.48% return over the benchmark’s 4.88%.

John Krakowiak asked Mr. Crowley to please discuss the China tariffs and market impact. Mr. Crowley explained that while the Fund has no exposure to emerging markets (China) or the United States, they are such large markets that they inherently have an impact on the Fund. DFA and Mr. Crowley agree that any trade impacts because of the China tariffs will open availability for trade with other markets, namely international developed markets which provide a lot of opportunity. Mr. Crowley explained their position is to diversify and reduce risk, and not chase the volatility in the market.

Lastly, Chair Randa Dagher inquired about the international markets in relation to inflation in the United States. Mr. Crowley explained the markets have a tailwind based on overvaluations in the U.S. markets that are not present in international/emerging markets. Additionally, the U.S. has more volatility and uncertainty with the Trump administration which gives more opportunity for international to outperform and the U.S. to underperform.

### 3. Graystone Consulting – Monthly Report

Amy Cole presented the monthly market report. The S&P 500 is down 8.6% after the recent tariff discussions and many other factors like inflation and interest rates. Graystone expectations are that the S&P will still reach 6,500 – currently 5,300. The 10-year treasury is expected to be down to 4% this year. Ms. Cole described the bond market as being a safe haven this year.

Regarding market performance, Ms. Cole pointed out that tariffs can be undone and are not inherently systemic or structural changes that have long-term impacts. Ms. Cole briefly discussed the tariffs implemented in 2018 as a reference. She highlighted the impact the current tariffs would have on the GDP of many nations, with the U.S., China, Canada and Mexico being the most prominent. The GDP effect of a 10% world tariff and 60% China tariff would impact Mexico the most; followed by China and The United States. The respective losses are (-1.2%) (-\$20 billion) for Mexico, (-1.0%) (-\$170 billion) for China, and (-0.9%) (-\$243 billion) for The United States. Ms. Cole also explained there is a belief in the industry that the tariffs could narrow from country wide scopes to sector specific scopes.

Ms. Cole recapped the 2018 tariff escalation between Trump and China, which lasted for many months and a period of reciprocal tariffs. Graystone believes the markets can survive escalating trade wars with China. Regarding U.S. Treasuries, Chair Randa Dagher inquired about China selling U.S. Treasuries. Ms. Cole explained that Japan is now the largest holder of U.S. Treasuries, followed by China. Ms. Cole explained that fears regarding China selling off their U.S. Treasuries could be a problem, however, Graystone believes the rest of the world will buy those Treasuries; but as a further backstop, the U.S. could buy back those Treasuries.

John Krakowiak presented the portfolio performance report. The monthly return was (2.7%) on the month compared to the policy index of (-2.3%). Mr. Krakowiak explained that international investments were the top underperformers, specifically the Walter Scott International Equity Fund. Mr. Krakowiak again highlighted some positive movement with Real Estate investments relative to office space and return to work orders. However, the sector as a whole is still more dependent on the interest rates in effect.

Regarding the manager search for a replacement to Walter Scott, Mr. Krakowiak recapped the 3 presentations from the previous meeting. Mr. Krakowiak also followed up with military and defense spending exposure due to the Board's policy to divest from such investments. Due to the nature of international funds being typically mutual funds, the allocations and investments cannot be modified as they were for the Board's domestic and actively managed portfolios. Hartford Schroders has zero exposure to the companies identified in the amendment to the Investment Policy regarding divestment. Fidelity has about 5% allocated to 3 companies that provide components and materials to defense contracts. Hudson Edge has about 10% allocated to adjacent companies that provide materials to divested companies, making the true allocation less than 10%.

Regarding the 3 investment managers that presented, Mr. Krakowiak presented their most recent performances. For the first quarter, Hartford Schroders was up 6.41%; Fidelity was up 2.3%; Hudson Edge was up 9.25%. The relative fee structures are 79 basis points for Hartford Schroders, 87 basis points for Fidelity and 80 basis points for Hudson Edge.

## GENERAL BUSINESS

---

### 4. *CONSENT AGENDA FOR 04-24-2025*

A. Consider 03/20/2025 Draft Board Minutes

#### END OF CONSENT AGENDA

<i>Motion by:</i>	<i>James Rodgers</i>
<i>Support by:</i>	<i>Madou Bazzi</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2025-24</b>

---

## OTHER BUSINESS

### 5. Outstanding Annual Affidavits

- a. Deborah Lemke
- b. Michael G. Smith

Pension Administrator Festerman presented an update regarding the retirees listed above and their outstanding affidavits. Mrs. Lemke and Mr. Smith have both been contacted and are expected to return their affidavits but they are still outstanding.

Suspension of benefits is requested until affidavits are returned, at which time benefits would be reinstated retroactively.

Motion to suspend the pension benefits effective 5/30/2025, for those individuals who have failed to submit their Annual Affidavit; with benefits to be reinstated upon receipt of affidavit.

<i>Motion by:</i>	<i>Randa Dagher</i>
<i>Support by:</i>	<i>Daniel Bartok</i>
<i>Roll-Call Vote:</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2025-25</b>

### 6. Upcoming Trustee Elections

Pension Administrator Festerman provided a copy of a tentative timeline for the upcoming Trustee election process for the seats currently held by Trustees James Rodgers and Madou Bazzi, whose terms end 6/30/25.

The tentative timeline is for a notice of vacancy being mailed to members on Wednesday, April 30<sup>th</sup>. A notice of intent must be filed with the Clerk's office by 5 p.m. on May 16<sup>th</sup>. Ballots will be prepared and mailed the week of May 19<sup>th</sup>. Voting will take place from 8 a.m. May 27<sup>th</sup> through 5 p.m. June 13<sup>th</sup>. Results will be available by close of business on June 14<sup>th</sup>.

## 7. Insurable Interest Discussion

Pension Administrator Festerman briefly discussed the notion of insurable interest as stated in the ordinance regarding a member naming a beneficiary other than a spouse. Typically, non-spousal beneficiaries are the member's children which fall under the umbrella of insurable interest. However, a Chapter 22 member had indicated interest in naming a nephew/niece as beneficiary which may or may not pass the insurable interest test.

Mr. Festerman noted that it appeared the naming of a nephew/niece had been considered previously on several occasions years ago. For one case, a questionnaire was sent to the retiring member to obtain more information regarding the relationship of the retiree and their nephew/niece.

The Board discussed the mortality reduction factors that take into account the age of the participant and the age of the beneficiary, resulting in no difference in cost to the System from an actuarial standpoint. As such, age should not be considered as part of the insurable interest definition and the naming of a beneficiary.

The Board instructed Mr. Festerman to reach out to the Board's insurance broker, Nickel and Saph, for their terms/guidelines for defining an insurable interest as the ordinance does not define this term.

## 8. Discussion regarding Donald Bunse's request for a pop-up due to the death of his Alternate Payee.

Pension Administrator Festerman presented a request for pop-up from Donald Bunse due to the death of his Alternate Payee. Mr. Festerman stated that the EDRO language itself, is what determines how the Actuary performs the calculation, and whether or not there is a pop-up in the event the Alternate Payee predeceases the Retiree. Specifically, the form of payment for the Alternate Payee is what determines this.

Mr. Festerman explained that a review of Mr. Bunse's EDRO document shows that the Alternate Payee's form of payment was a "Single Life Annuity", where once the Alternate Payee dies, the benefit ceases. With this form of payment, there is no pop-up for the Retiree.

Mr. Festerman informed the Board that Mr. Bunse's EDRO was discussed with the Actuary, who confirmed there is no pop-up given the language of Mr. Bunse's EDRO and how the EDRO calculation was completed approximately 30 years ago.

The Board discussed the difference between Single Life (straight life) and Joint-Survivor benefits and the reduction factors that are imposed on such benefits to ensure no additional cost to the System, per the actuarially computed benefits.

The Board also discussed previous EDRO pop-up requests; one in which there were questions as to what form of payment the Alternate Payee was receiving, where the Board granted the pop-up; and one where the Alternate Payee was receiving a single life annuity form of payment where the Board denied the request.

The Board requested that Mr. Festerman conduct further review of Mr. Bunse's file and EDRO calculation and report back to the Board at the May meeting.

9. Any Other Business Items That Arise

## OLD BUSINESS

10. Reinstatement of Ted Darnall's Pension Benefits

Pension Administrator Festerman provided an update regarding the reinstatement of Ted Darnall's pension benefits.

Mr. Festerman summarized the previous motion passed by the Board (Resolution #2025-18); in which the process for reinstating Mr. Darnall's benefits was described. Mr. Darnall complied with all the conditions required by the Board; however, his direct deposit was returned due to an error in the bank account information. As such, the staff will process one additional normal month of benefits for Mr. Darnall to confirm the bank deposit goes through and fulfill the conditions established by Resolution #2025-18. If there are no further banking errors, Mr. Darnall's retro would be processed the following month. Mr. Festerman also discussed the process of the returned check and confirmed Mr. Darnall's receipt of the returned check.

11. Open work items in process

- a. EDRO / DRO In Process: None currently

## INFORMATIONAL ITEMS

12. Any other informational items that arise

Legal Counsel Marie Racine informed the Board and staff about a golf event that a number of companies are hosting and social gathering prior to the MAPERS Spring Conference in May, being held in Detroit. Any interested parties should let Ms. Racine know.

## CLOSED SESSION - 9:50 A.M.

13. Motion to go to Closed Session

<i>Motion by:</i>	<i>James Rodgers</i>
<i>Support by:</i>	<i>Chad Bronson</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2025-26</b>

- a. Review of 03/20/2024 Closed Session Minutes
- b. Legal Report presented by Racine & Associates
- c. Any Other Closed Session Items that Arise

## OPEN SESSION (cont.) - 10:25 A.M.

### 14. Consider 03/20/2025 Closed Session Minutes

<i>Motion by:</i>	<i>Randa Dagher</i>
<i>Support by:</i>	<i>Madou Bazzi</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2025-27</b>


Motion for Legal Counsel Marie Racine to proceed as discussed in Closed Session

<i>Motion by:</i>	<i>Chad Bronson</i>
<i>Support by:</i>	<i>Madou Bazzi</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2024-28</b>

## ADJOURN MEETING

Motion to adjourn meeting

<i>Meeting end time:</i>	<i>12:04 P.M</i>
<i>Motion by:</i>	<i>James Rodgers</i>
<i>Support by:</i>	<i>Ibrahem Elabed</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2025-29</b>

  
\_\_\_\_\_  
Michael Kennedy, Board Secretary

*2025-33*  
\_\_\_\_\_  
Minutes Approval Resolution

*5-16-25*  
\_\_\_\_\_  
Date

*5-29-2025*  
\_\_\_\_\_  
Minutes Approval Date