

CITY OF DEARBORN
CHAPTER 22 - GENERAL EMPLOYEES RETIREMENT
SYSTEM
(System Close date: 07/01/2002)
NOTICE of BOARD OF TRUSTEES MEETING & AGENDA
Dearborn Administrative Center – Council Chambers
16901 Michigan Avenue, Dearborn, MI, 48126

8:30 AM, Thursday, February 26, 2026

Board Attendance	Present	Absent	Term End Date
David Saleh, Chair, Mayor Appointed	X		01/01/30
Alan Brzys, Vice Chair, City Council Appointed	X		01/01/30
Robert Guerin, Trustee, Member Elected	X		06/30/27
Wisam Fakhoury, Trustee, CSC Appointed	X		06/30/28
Michael Timiney, Trustee, Member Elected	X		06/30/29

Other Attendance	Present	Absent
Michael Kennedy, Board Secretary	X	
Robert Festerman, Pension Administrator	X	
Robert Benak, Pension Accountant	X	
Vacant, Legal Counsel		X
Marie Racine, Legal Counsel (in @ 8:43am via phone)	X	
John Krakowiak, Graystone, Consultant	X	
Amy Cole, Graystone, Consultant		X
Donald Smiley, Vice President - Baird	X	
Francois Pieterse, GRS, Actuary Consultant	X	
Rich Koch, GRS, Actuary Consultant	X	

***Roll Call Time: 8:36 A.M.**

Quorum Met (Needs 3 attending members for a quorum): Yes

1. Consider agenda as proposed

<i>Motion by:</i>	<i>Robert Guerin</i>
<i>Support by:</i>	<i>Michael Timiney</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	2026-07

8:30 AM - INVESTMENT CONSULTANT BUSINESS

2. Investment Manager Presentations - Baird

Donald Smiley presented on behalf of Baird regarding their fixed income portfolio. Mr. Smiley briefly discussed the team members of Baird, the firm's experience and the assets they manage in the amount of \$190 billion. The firm focuses on controlling risk, all cash bonds and emphasizes a bottom-up portfolio.

The fund return since inception is 4.62% compared to the benchmark's 4.19%. Mr. Smiley also highlighted the portfolio's consistency, in the last 3 years the fund has beat the Morningstar Category average 98% of the time. The portfolio yield is 4.62% compared to the benchmark's 4.55%. The portfolio is aimed at being duration neutral and adding value through selection criteria and sector allocations.

Mr. Smiley highlighted some highs and lows of the current bond market. First, there is a strong demand for bonds due to the positive yields. The economy is remaining resilient and two rate cuts are expected in 2026. The market's areas of concern are the private sector, the federal deficit inflating and the ongoing A.I. infrastructure build out.

Chapter 23 Trustee James Rodgers inquired about the rate of return for the portfolio. Mr. Smiley and Mr. Krakowiak both elaborated on the nature of fixed income and diversification, namely the allocations explained in Act 314 that forces diversification for public systems like Chapter 22 and Chapter 23. Mr. Smiley did add that Baird has recently been repositioned and reevaluated to reduce risk which may reduce the return rate marginally due to less risk.

Trustee Robert Guerin inquired about the expectations of the new Fed chair nominee Kevin Warsh. Mr. Smiley explained the markets seem to have reacted favorably to him, and he expects the balance sheet at the Fed to be lowered as Mr. Warsh has been critical of it in the past. Mr. Smiley also noted the transition from Mr. Powell to Mr. Warsh is on their area of concerns as they believe that process may be more complicated than expected.

Receipt & file resolution # **2026-08**

3. Graystone Consulting – Monthly Report

John Krakowiak presented the monthly market and performance report to the Board. Mr. Krakowiak explained the market expects a bit of a pullback regarding the magnificent 7. KKR expects to have valuations updated in 2026 and monetization of some investments will be soon as well; net IRR is expected to be around 20%.

Regarding AI infrastructure build out, Mr. Krakowiak explained his discussions with other professionals regarding software use and AI. It was explained that the larger scope enterprise software like Oracle and Microsoft should remain strong but software built as a point solution is much more susceptible to be replaced by AI. Mr. Krakowiak used an example of a program used by Human Resource departments to help analyze resumes from prospective employees, a task that could be potentially cheaper to do with AI. The S&P 500 is still at 6,900, holding well.

For monthly performances, the January return was about 2%. Growth investments gave back a bit after performing well all year. DeRoy & Devereaux is looking really solid, particularly for an active manager in the value and Small Cap areas.

Trustee Michael Timiney inquired about Mr. Krakowiak's thoughts on the national debt. Mr. Krakowiak explained his understanding that the administration's position and goal is to outgrow the debt through GDP and tariffs.

Mr. Krakowiak briefly discussed the Comerica custody situation as it relates to Comerica being purchased by 5/3 Bank. Mr. Krakowiak has had issues with both companies to varying degrees of severity, but overall, more issues are prevalent with Comerica so the merger will hopefully bring about better services.

Receipt & file resolution # **2026-09**

9:45 AM – PRESENTATION OF ANNUAL ACTUARIAL REPORT

4. Gabriel Roeder Smith & Company (GRS) – Presentation of 06/30/2025 Actuarial Report

Rich Koch presented the Chapter 22 Annual Actuarial Valuation Report. Mr. Koch explained the evaluation is based on information collected from the System on the 6-30-25 valuation date; specifically, investment and demographic data.

Mr. Koch first discussed the valuation. He explained the City's total required actuarially determined contribution ("ADC") decreased from \$2.83 million to \$2.54 million, a decrease of 300,000. The unfunded liabilities for the System decreased from \$29.6 million to \$26.0 million, increasing the funded ratio from 84.6% in 2024 to 86.3% in 2025.

Mr. Koch discussed the yearly experience gain/(loss) and the 5-year smoothing process with the Board. The system experienced a gain of \$6.8 million, phased in over 5 years at \$1.3 million per year. Due to smoothing, the System will recognize a \$3.3 million gain for 2025. Due to 2021 performance dropping off this year, and the large losses accrued in 2022, the current smoothing for next year shows \$4.1 million in losses for the System; not including the phased in performance from this fiscal year.

Vice Chair Alan Brzys inquired about contributions made to the System referencing Appendix 1-7 of the valuation report, specifically the discrepancy between the ADC and Actual Contributions. Mr. Pieterse explained the difference is that the ADC is a projection whereas the actual contributions are based on real payroll, as such these numbers are typically not identical but very close.

Francois Pieterse discussed the life cycle of pension systems with the Board. He highlighted the funding cycle and the benefit cycle, showing that contributions build the funded status originally and are increased by investment performance, but as people retire and contributions slow, the System relies more heavily on future investment earnings to maintain growth as needed. Both Chapter 22 and Chapter 23 are nearing the end of their contribution cycle as both Systems are closed and the populations are more closely approaching 25 years of service.

Receipt & file resolution # **2026-10**

GENERAL BUSINESS

5. CONSENT AGENDA FOR 02-26-2026

A. Consider 01/22/2026 Draft Board Minutes

END OF CONSENT AGENDA

<i>Motion by:</i>	<i>Michael Timiney</i>
<i>Support by:</i>	<i>Wisam Fakhoury</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	2026-11

OTHER BUSINESS

6. Annual Affidavit Update

Pension Administrator Robert Festerman provided a brief update regarding the annual affidavit process. The administration has received approximately 90% of the affidavits after about two months. Mr. Festerman will provide another update next meeting.

7. Fiduciary Liability Insurance Renewal Quote

Pension Administrator Robert Festerman presented the insurance renewal quote. Mr. Festerman briefly recounted the insurance process last year which included going back out to market for bids as well as raising the systems liability coverage. The quote for this year is lower than last year. Chapter 22 has a liability limit of \$5 million and a deductible of \$10,000. The annual premium presented for this year is \$20,269.

Motion to approve the insurance renewal rates.

<i>Motion by:</i>	<i>Alan Brzys</i>
<i>Support by:</i>	<i>Michael Timiney</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	2026-12

8. Final Average Compensation (FAC) for Deferred Member Sameh Shilbayeh

Pension Administrator Robert Festerman informed the Board that in February 2022 Mr. Shilbayeh reached out to the City Finance Department requesting a pension estimate, claiming he was entitled to have his DC Plan service credit and related wages included in his FAC calculation used for his 2014 deferred pension benefit.

Mr. Festerman advised that based on his inquiries at that time, the City's Corporate Counsel, Jeremy Romer stated that he disagreed with Mr. Shilbayeh's position. Based upon Mr. Festerman's findings, when re-hired in 2016, Mr. Shilbayeh was placed in the City's DC Plan, and not back in the Chapter 22 Retirement System because his membership in Chapter 22 terminated in 2014 at which time his eligibility for retiree healthcare also terminated.

Mr. Festerman was able to locate documentation between the City's Corporate Counsel, the STP Union, and the City Human Resources Department and documentation does not appear to support Mr. Shilbayeh's claims. Based upon the City's records, Mr. Festerman provided the Board with Mr. Shilbayeh's work history with the City and confirmed that when Mr. Shilbayeh was rehired by the City, he was not reinstated to his former position.

The record shows that Mr. Shilbayeh is a member of the City's 401/457 Defined Contribution Retirement System since his re-hire in 2016; he is not an active Chapter 22 member, and he is not allowed to vote in Chapter 22 elections.

Mr. Festerman confirmed that neither Mr. Romer nor Mr. Festerman have previously reported on this situation to the Board and Mr. Shilbayeh's FAC has never been an agenda item for the Retirement System to consider.

The Board discussed the matter further. Legal Counsel Marie Racine indicated she would need more time to review all the information at hand but cautioned the Board against taking any action regarding Mr. Shilbayeh's FAC claims. The Board then discussed tabling the matter to allow Marie Racine time to review the matter and report back to the Board.

Motion to table discussion of Sameh Shilbayeh's FAC calculation

<i>Motion by:</i>	<i>Alan Brzys</i>
<i>Support by:</i>	<i>Michael Timiney</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	2026-13

9. Any Other Business Items That Arise

OLD BUSINESS

10. Accounts Receivables – Outstanding Invoices

Legal Counsel Marie Racine provided a brief update regarding her last attempts to reach the families with outstanding invoices. She will follow up with a proper report next meeting on moving forward.

11. Open work items in process

- a. EDRO / DRO In Process: P. Frank, R. Smith – No Updates

INFORMATIONAL ITEMS

12. Any other informational items that arise

Pension Administrator Robert Festerman included information items for both upcoming MAPERs and NCPERs events.

ADJOURN MEETING

Motion to adjourn meeting

Meeting End Time: 10:51 A.M.
Motion by: Wisam Fakhoury
Support by: Robert Guerin
Resolution # 2026-14



Michael Kennedy, Board Secretary

3-24-26

Date

2026-18

Minutes Approval Resolution

3-26-26

Minutes Approval Date