

**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, February 26, 2026**

<b>Board Attendance</b>	<b>Present</b>	<b>Absent</b>	<b>Term End Date</b>
David Saleh, Chair, Mayor Appointed	X		01/01/30
Alan Brzys, Vice Chair, City Council Appointed	X		01/01/30
Daniel Bartok, Trustee, Police Member, Elected	X		06/30/27
Joseph Yamin, Trustee, Police Member Elected	X		06/30/29
Chad Bronson, Trustee, Fire Member Elected	X		06/30/27
James Rodgers, Trustee, Fire Member Elected	X	Out @ 10:40am	06/30/29
Ibrahim Mac Elabed, Trustee, Citizen Appointed	X		01/01/30

<b>Other Attendance</b>	<b>Present</b>	<b>Absent</b>
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 5 attending members for a quorum): Yes**

1. Consider agenda as proposed

*Motion by:*  
*Support by:*  
*Roll-Call Vote*  
*Resolution #*

*Chad Bronson*  
*Joseph Yamin*  
*Unanimous*  
**2026-09**

## 8:30 AM - INVESTMENT CONSULTANT BUSINESS

### 2. Investment Manager Presentation - 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.

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 force 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 of Chapter 22 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 areas of concern as they believe that process may be more complicated than expected.

*Receipt & file resolution # 2026-10*

### 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 of Chapter 22 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 # 2026-11*

## **9:45 AM – PRESENTATION OF ANNUAL ACTUARIAL REPORT**

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

Francois Pieterse presented the Chapter 23 Annual Actuarial Valuation Report. Mr. Pieterse explained the evaluation is based on information collected from the System on the 6-30-25 valuation date; specifically, investment and demographic data.

Mr. Pieterse first discussed the Fire valuation. He explained the City's total actuarially determined contribution ("ADC") decreased from \$6.4 million to \$6.1 million, a decrease of 300,000. In the Police group the ADC decreased slightly from \$6.89 million to \$6.67 million. The police group has experienced higher than expected pay increases, however they had more terminations from the active population (i.e. 7 retirements and the Police Chief joined the DROP program. These events have reduced the normal cost and ultimately the ADC.

The unfunded liabilities for Fire decreased from \$50.4 million to \$47.6 million, increasing the funded ratio from 73.9% in 2024 to 75.9% in 2025. The unfunded liabilities for Police went down from \$66.8 million to \$63.7 million, increasing the funded ratio from 75.2% in 2024 to 76.5% in 2025.

Mr. Pieterse discussed the yearly experience gain/(loss) and the 5-year smoothing process with the Board. The Fire group experienced a gain of \$2.49 million, phased in over 5 years at \$498,111 per year. The Police group experienced a gain of \$3.52 million, phased in over 5 years at \$704,172 per year. Due to smoothing, Fire will recognize \$2.09 million for 2025 and Police will recognize \$3.23 million for 2025. Due to 2021 performance dropping off this year, and the large losses accrued in 2022, the current smoothing for next year shows \$3.3 million in losses for Fire and \$5.1 million in losses for Police, 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 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.

Mr. Pieterse also 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 #*    **2026-12**

## **GENERAL BUSINESS**

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### **5. CONSENT AGENDA FOR 02-26-2026**

A. Consider 01/22/2026 Draft Board Minutes

#### **END OF CONSENT AGENDA**

<i>Motion by:</i>	<i>James Rodgers</i>
<i>Support by:</i>	<i>Daniel Bartok</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2026-13</b>

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## **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 26-27 Fiduciary Liability 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 23 has a liability limit of \$5 million and a deductible of \$10,000. The annual premium presented for this year is \$24,630.

Motion to approve the insurance renewal rates.

<i>Motion by:</i>	<i>James Rodgers</i>
<i>Support by:</i>	<i>Daniel Bartok</i>
<i>Roll-Call Vote</i>	<i>Unanimous</i>
<i>Resolution #</i>	<b>2026-14</b>

8. Any Other Business Items That Arise

**OLD BUSINESS**

- 9. Open work items in process
  - a. EDRO / DRO In Process: None

**INFORMATIONAL ITEMS**

10. 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

<i>Meeting End Time:</i>	<i>10:51 A.M.</i>
<i>Motion by:</i>	<i>Daniel Bartok</i>
<i>Support by:</i>	<i>Chad Bronson</i>
<i>Resolution #</i>	<b>2026-15</b>

  
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Michael Kennedy, Board Secretary

*3-24-26*  
\_\_\_\_\_  
Date

*2026-20*  
\_\_\_\_\_  
Minutes Approval Resolution

*3-26-26*  
\_\_\_\_\_  
Minutes Approval Date