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 – Conference Room 1-D
16901 Michigan Avenue, Dearborn, MI, 48126

8:30 AM, Thursday, October 22, 2026

Board Attendance	Present	Absent	Term End Date
David Saleh, Chair, Mayor Appointed (In at 9:03)	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 (Out at 11:08)	X		06/30/27
James Rodgers, Trustee, Fire Member Elected	X		06/30/29
Ibrahem Mac Elabed, Trustee, Citizen Appointed (Out at 11:27)	X		01/01/30

Other Attendance	Present	Absent
Michael Kennedy, Board Secretary	X	
Robert Festerman, Pension Administrator	X	
Robert Benak, Pension Accountant	X	
Carter Fisher, Legal Counsel		X
Marie Racine, Legal Counsel	X	
John Krakowiak, Graystone, Consultant	X	
Amy Cole, Graystone, Consultant		X
Daniel Gallagher, NinetyOne	X	
Thomas Liesveld, NinetyOne	X	
James Lane, TerraCap	X	
Nicholas Vician, TerraCap	X	
Austin Taylor, Berwyn Group (Via Google Meet)	X	

*Roll Call Time: 8:37 A.M.

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

1. Motion to approve proposed agenda; striking items 11 & 12

Motion by:
Support by:
Roll-Call Vote
Resolution # **2026-60**

8:30 AM - INVESTMENT CONSULTANT BUSINESS

2. NinetyOne Presentation – Portfolio Update

Thomas Evans and Dan Gallagher presented on behalf of NinetyOne. The portfolio is primarily (63%) emerging markets, with total assets under management in the amount of $240 billion. The firm is based in South Africa with close ties to emerging markets.

Dan Gallagher began by highlighting market characteristics globally, referencing global interest rates and geopolitical affairs. Mr. Gallagher presented a chart showing the recent performance of most markets, with domestic equities performing well but emerging market equities far outperforming them with other markets like bonds and other assets performing much worse. Mr. Gallagher highlighted the resiliency of these emerging markets as well as some of the geopolitical aspects affecting them.

Mr. Gallagher discussed currency effects in different parts of the world, particularly Asia, Latin America and Africa. These effects are heavily impacted by local politics as well as the geopolitical events like wars and seasonal effects of trade. The year-to-date performance is 1.2% exceeding the 0.1% of the benchmark. Prior performance was 5.6% last year and 11% over the last 3 years.

John Krakowiak of Graystone inquired about the general strategy overview as it pertains to the high grade domestic corporate bonds. Mr. Gallagher explained there is little impact on the portfolio as the A.I. issuance will only impact currency holdings in places like Taiwan and South Korea. Mr. Gallagher encouraged the Board to see the outlook section of the presentation material where he explained the nature of supply shocks on the markets. NinteyOne conducted a study which shows the emerging markets outperformance over developed markets with these supply shocks which again highlights the resiliency of the emerging markets.

Receipt & file resolution # **2026-61**

3. TerraCap Presentation – Portfolio Update

James Lane and Nicholas Vician presented on behalf of TerraCap. Mr. Vician highlighted the firm's investments in value added real estate in the Sunbelt area. Primarily TerraCap invests in multifamily, industrial and office real estate.

Mr. Vician discussed the rapidly rising interest rates that were levied by the Federal Reserve to combat record inflation. These rate hikes amounted to 5.5% higher interest rates in 17 months. Mr. Vician explained the cost of debt due to these rate hikes was ultimately double the interest rate on loans. The rate hikes negatively impact cash flows on the properties and reduce reinvestment opportunities and ultimately the rate of return through distributions back to the investors. Mr. Vician highlighted Green Street News data that showed 2022 was the peak of pricing in the real estate market. Office space has fared the worst, followed by multifamily and industrial properties.

Regarding TerraCap's Fund IV, 70% of the portfolio is invested in office properties which have faced many challenges, particularly when considering remote work. Regarding TerraCap's Fund V, the majority of the properties in this portfolio were purchased in 2021 and 2022, the period of peak pricing. These factors caused significant reevaluations in both funds. The silver lining is that in the past 12 months valuations have mostly been positive; with notably a 5% increase in office property values bringing the 6-year decline in that sector to an end.

To demonstrate what the overall real estate market is experiencing, Mr. Vician briefly reviewed some notable properties (not within the Funds) and the discount rates they are facing when sold.

Fund IV has a net IRR of (-4.0%) and Fund V has a net IRR of (-27.2%). The rates of return prior to the last distribution in 2022 were respectively, 21.8% and 45.0% showing the downturn of the funds at the peak of 2022. Mr. Vician highlighted some of the sales that were made within the Funds to capture the losses, which were necessary due to the Fund's need for liquidity and/or loan maturities at the properties.

Trustee James Rodgers highlighted the firms since inception returns have all been negative, even when other real estate positions are positive, Mr. Krakowiak added that both Fund IV and Fund V share a line item in the Board's portfolio reports and show a total return instead of net IRR. Mr. Vician explained that he is unfamiliar with the other real estate positions in Chapter 23's portfolio but ultimately the interest rates and pricing bubbles resulted in the losses in Fund IV and V.

Legal Counsel Marie Racine inquired about whether limited partners had sold or requested consent to sell their positions in Fund IV or Fund V on the secondary market; a matter she previously discussed with the Board. Mr. Vician stated that there have been no requests to sell or sales of limited partner investments on the secondary market and that in order to sell the position the Board must first find a buyer for it on the secondary market and then make the request for consent to sell it. Ms. Racine further inquired about the duration of each of Fund IV and Fund V and prospective outcomes. Mr. Vician explained that there are a few years left in each Fund with options for extensions; however, regarding the returns the best projection they have is the current net IRR. If the market provides tailwinds then the positions will improve but there are additional potential headwinds that could arise.

Mr. Krakowiak inquired whether they are considering demolitions and replacements. Mr. Vician explained that replacement costs are up 90%, and therefore, this is not a viable option; as well as the fact that land is more readily available and therefore new builds are more likely than replacements. There are 3 properties Mr. Vician identified in Fund V that are in distress and may need to be liquidated, but Mr. Vician also pointed out that property cash flows made the properties currently sustainable given the current environment.

Lastly the Board discussed the management fees with Mr. Vician who explained that there have been no fees levied since 2022. Additionally, as Mr. Krakowiak brought up, there is carried interest on the properties that were sold before the crash. Mr. Vician explained there is no carried interest to be had and if the Funds end negatively there is a claw back provision for any interest paid to the employees of Terracap.

Receipt & file resolution # **2026-62**

4. Graystone Consulting – Monthly Report

John Krakowiak presented the monthly market and performance reports for the Board. Mr. Krakowiak further discussed the TerraCap position with the Board, indicating the discount that would be applied on the position if the Board wanted to sell on the secondary market, further exacerbating the losses. It will likely not be feasible or possible to exit the position. They also discussed the fees and claw back of carried interest and the American vs European waterfall fee structures.

Regarding the monthly market and performance, Mr. Krakowiak explained Q1 was a slow start to the year, resulting in (-1.3%) for the quarter. Two more rate hikes are expected later this year and in March 2027; there is uncertainty regarding rate cuts in 2027. The S&P 500 is where Graystone expected it to be going into the last quarter of the year (7,600 – 7,800); by June 2027 it is expected to be in the mid 8000's.

The Board discussed the gas tax study being conducted and its impact on various markets. Board trustees also discussed having investment managers come present their offerings after having met at the MAPERS conference. Mr. Krakowiak agrees with having the firms make presentations to the Board for investment consideration. Mr. Krakowiak did highlight some of the business he has done with Corbin and Sage, i.e. two firms that were mentioned by Trustees at the meeting.

Receipt & file resolution # **2026-63**

GENERAL BUSINESS

5. ***CONSENT AGENDA FOR 10-22-2026***

A. Approve 09/24/2026 Draft Open Session Board Minutes

END OF CONSENT AGENDA

Motion to approve the Consent Agenda

Motion by:	*Joseph Yamin*
Support by:	*David Saleh*
Roll-Call Vote	*Unanimous*
Resolution #	**2026-64**

OTHER BUSINESS

6. Berwyn Group – Census Monitoring Services

Austin Taylor presented the Berwyn Group services for the Board. Mr. Taylor explained the services as census monitoring that includes death monitoring for when participants pass away, which helps prevent overpayments and fraud. Additionally, they provide estate and probate information, beneficiary search tools, marriage and divorce information, and address monitoring.

Mr. Taylor explained Berwyn has access to thousands of points of information to track these participants utilizing all available state vital statistics, the federal master death file and obituary searches. Additionally, Berwyn group tracks all contact attempts for easy auditing. Berwyn Group also provides mailing services for annual proof of life letters. If any letters are returned this may identify any missed address changes and allow Berwyn Group to identify and correct the information for those participants.

Trustee Ibrahem Mac Elabed inquired about the data security of the participants' information. Mr. Taylor reassured the Board that Berwyn is "Soc 2 Type 2" secured which he explains is one of the highest classifications of cyber security. Additionally, all data transfers are encrypted, data is stored in secure silos and they have a reliable data destruction protocol for data that is no longer being utilized. Regarding the Silos, Mr. Taylor explained the data is not stored in one large data base but is compartmentalized in encrypted silos. The Board inquired about data selling and participant solicitation. Mr. Taylor assured the Board that no data is sold; nor is it used to solicit System participants.

Mr. Taylor further informed the Board that Berwyn does not use A.I. when making their algorithms and no A.I. is hosted on any of their systems. This is due to the unreliability of the A.I. systems, as well as the security risks. Trustee James Rodgers inquired about international participants, Mr. Taylor explained Canada is the easiest to work with through obituaries, however, their primary coverage is the domestic United States due to the master death file access and other resources, resources they do not have internationally.

The Board further discussed the service limitations as it pertains to insurance, reimbursements and errors. Mr. Taylor highlighted that they have 3 million participants they monitor with a 98% coverage rate; and their competitors are at 70% accuracy. He pointed out the impossibility for catching everything. In the event of any errors produced by Berwyn there is not typically any reimbursement. It is also not likely that participants can be covered by Berwyn's insurance.

After the presentation the Board discussed the annual affidavit process and the pros and cons and implications of engaging Berwyn services to replace that process. The Board discussed the affidavit language and the methodology of Berwyn Group processing the mailing of the affidavits for us. The affidavits would still be returned to the administration for processing and record keeping, however, any returned mail would be returned to Berwyn Group for identification and correction of the address information.

Motion to have Pension Administrator Robert Festerman obtain contract documents from Berwyn Group, and to relay those documents to Legal Counsel Marie Racine for review.

Motion by:	*James Rodgers*
Support by:	*Joseph Yamin*
Roll-Call Vote	*Unanimous*
Resolution #	**2026-65**

7. Retirement Application Language Discussion

Pension Administrator advised the Board that an active Chapter 22 member has raised concerns with the language on the retirement application, specifically that which relates to requiring the spouse's signature acknowledging the retiree's election option (straight life, B-50, B-75 or B-100). Given the language is the same for the Chapter 23 Retirement application, Mr. Festerman felt it proper to include Chapter 23 in the discussion as well.

Mr. Festerman explained the member's concern was that this language could be interpreted as the spouse relinquishing their benefit, despite being the named beneficiary. The member also had indicated their financial advisor agreed with their concern.

The Chapter 23 Board noted that the language is very clear on the application that the spouse is only acknowledging the election, and if the spouse were the named beneficiary, they would not be relinquishing their benefit, and further, there has never been an instance where a named beneficiary was denied their survivor benefit.

8. Any Other Business Items That Arise - None

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 provided the yearly invitation to the Deroy & Deveraux December luncheon to discuss the investment portfolio.

Chapter 23 Trustees provided brief updates regarding their MAPERS conference attendance and educational sessions. It was noted that the conference included a presentation regarding DROP Programs in closed systems like Chapter 22 and Chapter 23 and some of the challenges that come with having a DROP in a mature/closed system.

No Closed Session Items. Items 11 and 12 were removed from the Agenda.

ADJOURN MEETING

Motion to adjourn meeting

Meeting End Time:	*11:29 A.M.*
Motion by:	*James Rodgers*
Support by:	*Joseph Yamin*
Resolution #	**2026-66**

Michael Kennedy, Board Secretary — 11-16-26 Date

2026-69 Minutes Approval Resolution — 11-19-2026 Minutes Approval Date