CITY OF DEARBORN
CHAPTER 22 - GENERAL EMPLOYEES RETIREMENT SYSTEM
(System Close date: 07/01/2002)
BOARD OF TRUSTEES MINUTES
Dearborn Administrative Center-Conference Room 1D
16901 Michigan Avenue, Dearborn, MI, 48126
Thursday, January 17, 2019

<table>
<thead>
<tr>
<th>Board Attendance</th>
<th>Present</th>
<th>Absent</th>
<th>Term End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carl Meyers, Chair, Mayor Appointed</td>
<td></td>
<td>X</td>
<td>12/31/22</td>
</tr>
<tr>
<td>Don Cundy, Vice Chair, City Council</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointed</td>
<td></td>
<td>X</td>
<td>12/31/22</td>
</tr>
<tr>
<td>Robert Guerin, Trustee, Member Elected</td>
<td></td>
<td></td>
<td>06/30/19</td>
</tr>
<tr>
<td>Wisam Fakhoury, Trustee, CSC Appointed</td>
<td></td>
<td>X</td>
<td>06/30/20</td>
</tr>
<tr>
<td>William Irving, Trustee, Member Elected</td>
<td></td>
<td>X</td>
<td>06/30/21</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Attendance</th>
<th>Present</th>
<th>Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>James O’Connor, Secretary</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Ginger Moriarty, Deputy Finance Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Festerman, Pension Administrator</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Jeremy Romer, Legal Counsel</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Marie Racine, Legal Counsel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mike Valchine, NEPC, Consultant</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>John Krakowiak, Graystone Consulting</td>
<td>In at 8:41am</td>
<td>Out at 9:37am</td>
</tr>
<tr>
<td>Steve Riga, Graystone Consulting</td>
<td>In at 8:41am</td>
<td>Out at 9:37am</td>
</tr>
<tr>
<td>Amy Cole, Graystone Consulting</td>
<td>In at 8:41am</td>
<td>Out at 9:37am</td>
</tr>
<tr>
<td>Kevin Foley, World Asset Management</td>
<td>In at 9:37am</td>
<td>Out at 9:49am</td>
</tr>
</tbody>
</table>

Roll Call Time: 9:49 AM
Quorum Met (Needs 3 attending members for a quorum): Yes

John Krakowiak, Steve Riga, and Amy Cole began the presentation by providing an overview of their background and experience. They continued, presenting their recommended asset allocation for Chapter 22, indicating they recommend broadening the ranges of the allocation.

John Krakowiak indicated that Graystone reviews sharp ratios and risk matrix on a quarterly basis and would discuss the Investment Policy Statements return/allocation with the Board following these assessments.

Steve Riga discussed the historical returns the Dearborn Heights retirement systems has experienced, noting an 8.75 return net of fees over the past 18 years. Mr. Riga indicated that he focuses on what the Fed is doing, as monetary policy is the number one driver of returns. He continued, again recommending the broadening of the asset allocation ranges, and citing the importance of globally diversifying the portfolio so asset classes move differently with the market.

Amy Cole discussed the research that Graystone performs to select top quartile performing managers, indicating the difference in returns between a top and bottom quartile manager could be as much as 20%.

During the Q&A portion of the presentation the Board asked if Graystone would continue to work with the portfolios current investment managers that were not on Graystone’s vetted manager list. Graystone confirmed that they would continue to work with those managers, and also if the Board were to present a manager that was not on Graystone’s vetted list that Graystone would vet said manager.

Also during the Q&A, the Board asked whether Graystone prefers active or passive management? Graystone responded indicating the firm utilizes both active and passive management, and typically seeks actively managed investments in areas other than Large Cap and Core Bonds.

B) 9:37 AM – Investment Manager Presentation – World Asset Management (WAM), presented by Kevin Foley

Kevin Foley began the presentation by providing an overview of his background and experience, indicating that he began his career with Comerica in 2003 as an Investment Bank Analyst in Trust Operations, and started with WAM in 2010.

Mr. Foley continued, stating that as of September 30, 2018, WAM had $12.1 Billion in assets under management. The WAM Foreign Equity Fund is a rules based passive indexing fund. Kevin indicated investments within the fund initially must have a minimum of $250 Million in market cap value, and assets with a market cap value of less than $100 Million are either sold, or monitored monthly.

Kevin discussed the weightings of the Foreign Equity Fund compared to the MSCI AC World XUS index, and indicated that he believes there is an opportunity for gains in the international market.
C) 9:49 AM - GENERAL BUSINESS

1. Motion to approve 12/20/2018 Open Session meeting minutes.

   Motion by: Robert Guerin
   Support by: Wisam Fakhoury
   Roll-Call Vote Unanimous
   Resolution # 2019-01

2. Motion to approve the Calendar Year 2019 Agenda (see attached).

   Motion by: Wisam Fakhoury
   Support by: William Irving
   Roll-Call Vote Unanimous
   Resolution # 2019-02

3. Consideration of Vincent Hall’s Retirement Application – who selected the B-75 Option, and has named his brother John Hall as the beneficiary.

   Motion to approve Vincent Hall’s Retirement Application subject to the applicant meeting the retiree eligibility requirements, as well as the notarization of his spouse’s signature on the Beneficiary Election Form.

   Motion by: Robert Guerin
   Support by: William Irving
   Roll-Call Vote Unanimous
   Resolution # 2019-03

4. Motion to approve Craig Bechtel’s Retirement Application – B-100; subject to applicant meeting retiree eligibility requirements.

   Motion by: Robert Guerin
   Support by: Wisam Fakhoury
   Roll-Call Vote Unanimous
   Resolution # 2019-04
D) INVESTMENT CONSULTANT BUSINESS-NEPC

1. January meeting items & update.

NEPC provided the January Meeting Information Report and the December Performance Report.

*Receipt & file resolution #: 2019-05*

In Mike Valchine’s absence, the Board reviewed the reports provided by NEPC, and Chair Carl Meyers provided a market update.

2. DeRoy & Devereaux Proxy Voting Summary

*Receipt & file resolution #: 2019-06*

E) OTHER BUSINESS

1. In anticipation of the upcoming retirement of James J. O’Connor, the Treasurer and Board Secretary, the Finance Department requested that the Board authorize the Deputy Finance Director to act as Secretary of the Board until the Finance Director/City Treasurer position has been filled by the City of Dearborn.

*Motion by: Robert Guerin*
*Support by: Wisam Fakhoury*
*Roll-Call Vote: Unanimous*
*Resolution #: 2019-07*

2. Deputy Finance Director Ginger Moriarty asked the Board for clarification regarding how the legal fees associated with Marie Racine’s attendance of the Pension Board Meetings should be addressed.

The Board confirmed that said legal fees would be in addition to the expenditure credits relating to the services provided by the City’s Legal Department.
3. Discussion regarding the results of the City’s Investment Consultant RFP

a. Pension Administrator Robert Festerman provided the following overview of the RFP process:

   The Purchasing Department initially received six responses to the RFP. Each proposal was scored from 0 to 100 based on the following criteria and weights:
   
   - Expertise and Experience – 40 points
   - Investment Approach – 20 points
   - Fee Proposal – 20 points
   - Performance – 20 points

   The three highest scoring respondents advanced to the second round of the evaluation where they provided presentations to the RFP committee and were scored from 0 to 100 based on their presentations.

   The top three firms and the corresponding scores for their presentations were as follows:

   1. Graystone Consulting, LLC – 91 points
   2. New England Pension Consultants, LLC – 83 points
   3. AndCo. Consulting Group, LLC – 73 points

   The final result of the RFP process is a recommendation to award the Investment Consultant Contract to Graystone Consulting, LLC for a term of 5 years with two 5 year renewals.

b. The Board began discussing the RFP process as well as the results. Chair Carl Meyers, a resource member for the RFP committee, provided a summary of the 1, 3, 5, and 10 year returns for each of the top three firms, indicating that Graystone Consulting had the worst return figures. See attachment.

   Chapter 23 Trustee Alan Brzys, a voting member of the RFP committee, expressed his concerns that the reporting periods for the return data provided by Chair Carl Meyers were not consistent for each of the three firms, and thus the data provided was not a fair comparison.

   Chapter 23 Trustee Alan Brzys also provided multiple handouts (see attachments) regarding the historical returns of the top three firms, as well as the Pension Board Minutes from several other retirement systems; all of which outlined discussions regarding the termination of investment consultant Michael Holycross from Graystone Consulting.
Chair Carl Meyers proposed postponing a decision and arranging for each of the top three firms to present to the Board. The Board indicated that they would like to table the discussion, and afford New England Pension Consultants and AndCo. Consulting Group the opportunity to present their proposals to the Board at the February 21, 2019 meeting.

1) Motion to table Investment Consultant Contract discussion

Motion by: Robert Guerin
Support by: William Irving
Roll-Call Vote: Unanimous
Resolution #: 2019-08

c. Deputy Finance Director Ginger Moriarty and Pension Administrator Robert Festerman discussed extending the current contract with New England Pension Consultants until the Board makes a decision regarding the new contract.

1) Motion to extend the current contract with New England Pension Consultants for 90 days with a 30 day notice for cancelation.

Motion by: Robert Guerin
Support by: Carl Meyers
Roll-Call Vote: Unanimous
Resolution #: 2019-09

4. Adjourn Meeting

Meeting end time: 11:30 am
Motion by: Carl Meyers
Support by: William Irving
Roll-Call Vote: Unanimous
Resolution #: 2019-10

Ginger Moriarty, Acting Pension Board Secretary

1/31/2019

Date

2/21/2019

Minutes Approval Date

Minutes Approval Resolution
PENSION BOARD AGENDA – CALENDAR YEAR 2019
*NEW CONFERENCE ROOM 1-D, DAC*

First Quarter – 2019

- January 17
  - NEPC Asset Allocation Assumptions and Allocation Review
  - Investment Manager Review – World Asset Management (Chapter 22 and Chapter 23)

- February 21
  - NEPC - Performance Measurement (fourth quarter performance review)
  - Gabriel Roeder Smith and Company - Actuarial report – Experience Study Discussion
  - Attendees for NCPERS Annual Conference,
  - Attendees for NEPC Annual Client Conference, Dates TBD
  - Attendees for MAPERS Spring Conference,
  - Mid-Year Review of Fiscal Year 2019 Annual Budget

- March 21
  - Trustee liability insurance review/renewal
  - Adoption of the Fiscal Year 2020 Annual Budgets
  - Investment Manager Review – Alidade (Chapter 23)

Second Quarter – 2019

- April 18
  - Investment Manager Review – Terra Cap (Chapter 23)

- May 16
  - NEPC - Performance Measurement (first quarter performance review)
  - Investment Manager Review – Loomis Sayles (Chapter 22 and Chapter 23)

- June 20
  - Report by attendees at the NCPERS Annual Conference
  - Report by attendees at the MAPERS Spring Conference
  - Report by attendees at the NEPC Annual Client Conference
  - Investment Manager Review – Acadian (Chapter 23)
Third Quarter - 2019

- July 18
  - Attendees for MAPERS Fall Conference
  - Investment Manager Review – Baird (Chapter 22 and Chapter 23)
  - Draft 2020 Pension Board Meeting Calendar

- September 19
  - Performance Measurement (second quarter investment performance review)
  - Investment Manager Review – Investec (Chapter 22 and Chapter 23)
  - Disability Audit Results

Fourth Quarter – 2019

- October 17
  - Report by attendees at the MAPERS Fall Conference
  - Manager expense report – Fiscal 2019
  - Financial Report – Jim O’Connor
  - Investment Manager Review – LSIA (Chapter 22 and Chapter 23)

- November 21
  - Performance Measurement (third quarter investment performance review)
  - Investment Manager Review – Peregrine (Chapter 23)

- December 19
  - Investment Manager Review – Phocas (Chapter 23)
  - City Service support / Cost Allocation
  - Adopt 2020 Pension Board Meeting Calendar
  - Investment Manager Review – DeRoy & Devereaux (Chapter 22 and Chapter 23)

Future Activities