CITY OF DEARBORN  
CHAPTER 22 - GENERAL EMPLOYEES RETIREMENT SYSTEM  
(System Close date: 07/01/2002)  
BOARD OF TRUSTEES MINUTES  
Dearborn Administrative Center - Council Chambers  
16901 Michigan Avenue, Dearborn, MI, 48126  
8:30 am, Thursday, September 26, 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>X – Out @ 12:44 pm</td>
<td></td>
<td>01/01/22</td>
</tr>
<tr>
<td>Don Cundy, Vice Chair, City Council Appointed</td>
<td>X</td>
<td></td>
<td>01/01/22</td>
</tr>
<tr>
<td>Robert Guerin, Trustee, Member Elected</td>
<td>X – Out @ 10:07 am Returned @ 10:20 am</td>
<td></td>
<td>06/30/23</td>
</tr>
<tr>
<td>Wisam Fakhoury, Trustee, CSC Appointed</td>
<td>X</td>
<td></td>
<td>06/30/20</td>
</tr>
<tr>
<td>William Irving, Trustee, Member Elected</td>
<td>X – In 12:45 pm</td>
<td></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>Ginger Burke-Miller, Board Secretary</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Robert Festerman, Pension Administrator</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Jeremy Romer, Legal Counsel</td>
<td>X – Out @ 10:03 am Returned @ 10:40 am</td>
<td></td>
</tr>
<tr>
<td>Marie Racine, Legal Counsel</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>John Krakowiak, Graystone, Consultant</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Steve Riga, Graystone, Consultant</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Amy Cole, Graystone, Consultant</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Kevin Yousif, LSIA</td>
<td>X – Out @ 9:09 am</td>
<td></td>
</tr>
<tr>
<td>Jeff Wardlow, DeRoy &amp; Devereaux</td>
<td>X – Out @ 9:34 am</td>
<td></td>
</tr>
<tr>
<td>Sarah Schattner, DeRoy &amp; Devereaux</td>
<td>X – Out @ 9:34 am</td>
<td></td>
</tr>
<tr>
<td>Will Averill, Aristotle</td>
<td>X – Out @ 10:03 am</td>
<td></td>
</tr>
<tr>
<td>Aylon Ben-Shlomo, Aristotle</td>
<td>X – Out @ 10:03 am</td>
<td></td>
</tr>
<tr>
<td>Marcus Anderson, Delaware</td>
<td>X – Out @ 10:30 am</td>
<td></td>
</tr>
<tr>
<td>Carl Rice, Delaware</td>
<td>X – Out @ 10:30 am</td>
<td></td>
</tr>
</tbody>
</table>

Roll Call Time: 10:42 AM  
Quorum Met (Needs 3 attending members for a quorum): Yes
A) 8:40 AM - Investment Manager Presentation – LSIA (Large-Cap Low Vol & Pure Value), presented by Kevin Yousif.

B) 9:10 AM - Investment Manager Presentation – DeRoy & Devereaux (All Cap), presented by Jeff Wardlow and Sarah Schattner.

C) 9:35 AM - Investment Manager Presentation – Aristotle (Large-Cap Value), presented by Will Averill and Aylon Ben-Shlomo.

D) 10:05 AM - Investment Manager Presentation – Delaware (Large-Cap Value), presented by Marcus Anderson and Carl Rice

E) 10:30 AM – General Business.

1. Motion to approve 07/25/2019 Open Session minutes

   Motion by: Don Cundy
   Support by: Robert Guerin
   Roll-Call Vote: Unanimous
   Resolution # 2019-90

2. Motion to approve retirement application for Rosemary Maine – B-100, subject to applicant meeting retirant eligibility requirements.

   Motion by: Wisam Fakhoury
   Support by: Robert Guerin
   Roll-Call Vote: Unanimous
   Resolution # 2019-91

3. Motion to approve retirement application for Dawn Needham (deferred) – B-50, subject to applicant meeting retirant eligibility requirements.

   Motion by: Wisam Fakhoury
   Support by: Don Cundy
   Roll-Call Vote: Unanimous
   Resolution # 2019-92

4. Motion to approve retirement application for Husni Al-Dakkak’s (deferred) – B-100, subject to applicant meeting retirant eligibility requirements.

   Motion by: Don Cundy
   Support by: Wisam Fakhoury
   Roll-Call Vote: Unanimous
   Resolution # 2019-93
5. Motion to approve application for retirement benefits made by Robin Bush, the surviving spouse of deferred retiree Keith Bush, who died prior to attaining his voluntary retirement age. See Ordinance Section 22.19(c).

   Motion by: Don Cundy
   Support by: Carl Meyers
   Roll-Call Vote: Unanimous
   Resolution #: 2019-94

6. Motion to approve retirement application for Eric Peterson – B-50, subject to applicant meeting retiree eligibility requirements.

   Motion by: Robert Guerin
   Support by: Carl Meyers
   Roll-Call Vote: Unanimous
   Resolution #: 2019-95


   Receipt & File Resolution #: 2019-96

8. The Board discussed the Cyber Fraud Memo that was sent out by MAPERS, and also reviewed the procedures currently in place with the Custodial Bank. After discussing, a motion was proposed to elect option #4 (the more secure option) on the Custodial Banks Wire Transfer procedure form.

   Motion by: Robert Guerin
   Support by: Wisam Fakhoury
   Roll-Call Vote: Unanimous
   Resolution #: 2019-97

9. No Board Members expressed interest in attending the NCPERS Accredited Fiduciary (NAF) Program; held October 26-27, 2019 in New Orleans, LA
F) INVESTMENT CONSULTANT BUSINESS

1. Graystone Consulting

Graystone consultants John Krakowiak, Steven Riga, and Amy Cole presented the monthly meeting materials and discussed with the Board.

Receipt & file resolution #: 2019-102

John Krakowiak began by reviewing the investment manager presentations and Graystone’s proposed rebalancing. Graystone’s recommendation was to reallocate $5M ($4M from the LSIA Pure Value fund, and $1M from the LSIA Low Vol fund) to a “Relative-Value” manager(s).

Trustee Robert Guerin stated his preference for indexing Large-Cap investments, due to active managers typically not being able to outperform the indexes. Chapter 23 Trustee Brian Keith asked Krakowiak if Aristotle would be a good complement to DeRoy & Devereaux’s sector weights. Krakowiak indicated that it would.

Vice Chair Don Cundy proposed a motion to reallocate $3M Aristotal and $2M to DeRoy & Devereaux.

Motion by: Don Cundy
Support by: Carl Meyers

Roll-Call Vote:
- Carl Meyers: Yes
- Don Cundy: Yes
- Robert Guerin: No
- Wisam Fakhoury: No
- William Irving: Absent

Motion Failed

The Board continued further discussion regarding the rebalancing. Trustee Wisam Fakhoury asked for clarification regarding Passive vs. Active management; to which Graystone provided clarification. Trustee Robert Guerin asked if rebalancing from LSIA to DeRoy & Devereaux only was an option; Graystone responded indicating it was.

Trustee Robert Guerin proposed a motion to reallocate $3M from the LSIA Pure Value fund to the DeRoy & Devereaux All Cap fund.

Motion by: Robert Guerin
Support by: Wisam Fakhoury
Roll-Call Vote: Unanimous
Resolution # 2019-98
Steven Riga then provided a market update and economic overview. Riga indicated the Feds have cut interest rates, existing home sales have increased, job growth has slowed, wages are up .4% (year over year up 3.4%), inflation is in check, and the yield curve had inverted for a short period of time.

Riga continued indicating that China, Brexit, Impeachment are all areas of concern, and that Morgan Stanley is projecting a future recession.

Amy Cole provided a performance review indicating that as of August 31, 2019 the portfolio has seen an approximate 10.3% return. Amy then discussed the underperforming manager quarterly review criteria, and indicated that there are no active managers currently on the watch list.

**Proposed Investment Policy Statement (IPS):**

a. Motion to untangle discussion regarding approval of Investment Policy Statement (IPS), as proposed by Graystone.

   - **Motion by:** Robert Guerin
   - **Support by:** Carl Meyers
   - **Roll-Call Vote:** Unanimous
   - **Resolution #** 2019-99

b. Motion to approve Investment Policy Statement, as proposed by Graystone.

   - **Motion by:** Robert Guerin
   - **Support by:** Wisam Fakhoury
   - **Roll-Call Vote:** Unanimous
   - **Resolution #** 2019-100

c. Motion to perform annual review the Investment Policy Statement during the July meeting of each year moving forward.

   - **Motion by:** Robert Guerin
   - **Support by:** Carl Meyers
   - **Roll-Call Vote:** Unanimous
   - **Resolution #** 2019-101

**G) OTHER BUSINESS**

2. Receipt and file of GASB 67/68 Report as prepared by the City’s Actuary, GRS.

   - **Receipt & file resolution #** 2019-103

3. Pension Administrator Robert Festerman notified the Board that he has submitted advance notice of his resignation to the City, and his last date of employment is yet to be determined at this point in time.
4. Pension Administrator Robert Festerman informed the Board of the discovery of a payroll/direct deposit error that occurred in July of 2017 and continued thru August of 2019. This error resulted in one retiree receiving an overpayment in the amount of $21,471.58, and another retiree being underpaid that same amount.

Festerman indicated that both retirees had been contacted. Recoupment of the overpayment had been discussed with the retiree who was overpaid, and we are currently waiting for the retiree to present a repayment plan that will not cause any undue financial hardship to himself. Further, payment for pension benefits owed to the retiree who was underpaid will be processed by the Finance Department as soon as possible.

5. Outstanding Annual Affidavits:

Pension Administrator Robert Festerman informed the Board that the last outstanding annual affidavit for Margaret Derda’s was received prior to any interruption in her pension benefits.

6. 12:46 pm Closed Session

a. Motion to go into Closed Session

   Motion by: Robert Guerin  
   Support by: Wisam Fakhoury  
   Roll-Call Vote: Unanimous  
   Resolution #: 2019- 104

   Returned to Open Session at: 1:00 pm

7. Motion to approve 11/15/2018 Closed Session minutes.

   Motion by: William Irving  
   Support by: Wisam Fakhoury  
   Roll-Call Vote: Unanimous  
   Resolution #: 2019- 105

8. Motion to Adjourn Meeting.

   Meeting end time: 1:00 pm  
   Motion by: Wisam Fakhoury  
   Support by: Robert Guerin  
   Roll-Call Vote: Unanimous  
   Resolution #: 2019-106

   Ginger Burke-Miller, Board Secretary

   10-22-2019
   Date

   Minutes Approval Resolution

   Draft - TBD

   Minutes Approval Date

   Draft - TBD