

April, 2015 Special Meeting



POLICE AND FIREFIGHTERS' PENSION BOARD SPECIAL BOARD MEETING

888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, April 22, 2015, 9:00 a.m.

Present

Michael Dew, Chair
Ken Rudominer, Vice Chair
Scott Bayne, Trustee
Richard Fortunato, Secretary
Dennis Hole, Trustee
Jim Naugle, Trustee
Jeff Cameron, Trustee
Lynn Wenguer, Administrator

Also Present

Amanda Cintron, Assistant Administrator
Laurie DeZayas, Pension Secretary
Fred Nesbitt, Communication Director
Lisa Edmondson, Recording Secretary, Prototype Inc.

ROLL CALL/CALL TO ORDER

Chair Dew called the meeting to order at 9:07 a.m. Roll was called and a quorum was determined to be present.

PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

The Pledge of Allegiance was followed by a moment of silence.

COMMENTS FROM PUBLIC

None.

SMALL CAP MANAGER PRESENTATIONS:

Vaughn Nelson Investment Management

The presentation was given by George Hoewyne, Chris Wallace, and Stephen Davis the focus of which included:

- Firm overview
- Achievements through stock selection
- Equity strategies
- Details of the equity team
- Research focus
- Risk monitoring and analysis
- Clientele
- Firm philosophy
- Goals
- Compounding at 50% with absolute return measure
- 12% discount rate
- Portfolio characteristics
- Cumulative returns
- Investments - specific plan
- Undervalued growth
- Undervalued assets
- Undervalued dividends
- Valuation models
- Sector allocations

Questions by the Trustees and responses included:

- Relationship to benchmark - Russell 2000 values are utilized, defining the pool of investments.
- Fees are negotiable.
- There is no direct international exposure.
- A mutual fund is available and offered in equitable strategies.
- The parent company relationship with Vaughn was briefly discussed.
- Currently, they have no client's with Attorney Cypen's office.

Mutual of America Capital Management

The presentation was given by Stephen Rich and Joseph O'Reilly, the highlights of which included:

- History of the company
- List of clients
- Assets under management
- Managing return and risk
- Focus
- Portfolio and lower volatility
- Valuations and screening factors
- Research
- Proprietary risk models
- Returns, performance, and risk
- Benchmarks
- Return analyses
- Valuations
- Cash flow
- Earnings yield
- Investments in companies with low debt, high free cash flow
- Portfolio monitoring
- Local presence and availability
- All institutional tax-exempt

Questions by Trustees and responses:

- Fees are negotiable.
- Currently, they have no client's with Attorney Cypen's office.
- There is no direct international exposure.
- Sector rating and allocation philosophies.

GAMCO Asset Management

The presentation was given by Christopher Marangi and Gino Torreta, the highlights of which included:

- History of the company
- Assets under management
- Portfolio management team
- Values
- Research process
- Investment process
- Value characteristics
- Top ten holdings
- Annualized performance
- List of clients

Trustee questions dealt with intrinsic versus street value preferences (margin of safety), stability of firm management, and fee negotiability.

Channing Capital Management

The presentation was given by Wendell Mackey, Rodney Herenton, and Richard Turnley.

Highlights included:

Company history and philosophy

Investment team

Competitive edge/value investing/capacity/historical performance

Small cap value composite

Assets under management

Clientele

Investment strategies

Semi-monthly analyses

Current holdings

Performance expectations

Public funds specialization

Trustee inquiries dealt with the composite credit index and sector weightings, diversification, and characteristics. Fees are negotiable. There is no direct international exposure.

CAPTRUST Manager Review

Mr. Schmid then provided a summary and comparison of the companies giving his opinion on the presentations and information provided, especially with regard to probability of fee negotiation as an issue of importance.

Mr. Hole expressed his concern regarding foreign ownership of Vaughn dictating policy and procedures, as well as recommendation of its own mutual fund as an investment.

Chair Dew then took rankings of the firms from each Trustee, the results of which were as follows: (1) Vaughn, (2) GAMCO, (3) Channing, (4) Mutual of America.

Motion made by Mr. Rudominer, seconded by Mr. Fortunato, to hire Vaughn Nelson Investment Management pending an accepted contract. In a roll call vote, the motion passed unanimously (7-0).

Discussion then continued regarding Vaughn being the least negotiable on fees compared to the other companies, as well as the amount of monies to be invested.

Motion made by Mr. Hole, seconded by Mr. Bayne, for reconsideration of the previous motion. In a voice vote, the motion passed 6-1 (with Mr. Fortunato dissenting).

Motion made by Mr. Rudominer, seconded by Mr. Hole, to hire Vaughn Nelson Investment Management at no more than 85% basis points, investing \$35 million, pending acceptance of a contract. In a roll call vote, the motion passed 5-2 (with Mr. Hole and Mr. Fortunato dissenting).

[Close Window](#)