

**TOWN OF DAVIE POLICE PENSION PLAN  
SPECIAL MEETING MINUTES  
July 30, 2020  
1:30 P.M.**

This Special Meeting of the Town of Davie Police Pension Plan Board of Trustees was called to order on behalf of the Board by Mr. Greg Brilliant – Precision Pension Administration - on July 30, 2020 at 1:30 P.M. Due to Executive Order 20-112 which extended Executive Order 20-69, signed by RON DESANTIS, Governor of the State of Florida on March 20, 2020, the Board of Trustees conducted the special meeting remotely.

**TRUSTEES PRESENT:**

Mr. Paul Ortenzo – Chairman; Mr. Larry Davis – Board Secretary; Mr. Jack Mackie, Mr. Ed Taylor, and Mr. Danny Perez – Board Trustees.

**ABSENT and/or EXCUSED:**

Mrs. Patty Ostrander – Administrative Assistant

**OTHERS PRESENT:**

Mr. Stu Kaufman (video) – Klausner, Kaufman, Jensen, & Levinson; Mr. David Lee (video) – Dahab Associates; Ms. Keri Hepburn & Mr. Aylon Ben-Shlomo (video) – Aristotle Capital Management; Mr. John Johnson (audio) – Eagle Capital Management; Mr. Chris Heatley, Mr. Tom Kenny, & Mr. Andy Jones (video) – Seizert Capital Partners.

It should be noted that there was a quorum for the Board to have an official meeting.

**NEW/UNFINISHED BUSINESS:**

Mr. David Lee of Dahab reviewed with the Board of Trustees the short list of three finalists in the LCV search conducted as a result of the Lyrical underperformance. The finalists, presenting in alphabetical order were Aristotle Capital Management, Eagle Capital Management, and Seizert Capital Partners. All have performed well versus the benchmark (Russell 1000 Value) and Mr. Lee advised they would be comfortable recommending any of the three candidates to the Board for investment. Each of the three was limited to forty-five minutes to present their respective product for the Board with a question and answer period included.

**ARISTOTLE CAPITAL MANAGEMENT:**

Opening comments on behalf of Aristotle were presented by Ms. Keri Hepburn. She advised the Board that they were excited at the opportunity to work with our Plan. They now have a total of approximately \$38B in combined AUM and carry no debt on their balance sheets. Ms. Hepburn stated that should Aristotle be fortunate enough to be chosen, she and Mr. Aylon Ben-Shlomo will remain our account representatives. Mr. Ben-Shlomo advised the Board that the team believes that high-quality businesses trading at a discount to their long-term fair value allows for capital preservation and asset growth. A seventeen-member team operates the value equity strategy and is based in Los Angeles, CA. The firm is an independent firm which is broadly owned by its employees and is incentivized by portfolio performance, i.e. if the portfolio does well, employees are monetarily rewarded. A practice Mr. Ben-Shlomo advised fosters an ownership mentality in the investment strategy. One philosophy is applied consistently in that they identify what they believe to be a high quality business, analyze it bottom up and from a global perspective, invest with a long term view (3-5 years), and construct a focused yet diversified portfolio of between thirty-five and forty holdings. Ms. Hepburn advised that Aristotle has consistently outperformed the Russell 1000V Index, in both up and down markets, since its 2010 inception and on a YTD basis has outperformed by 8.38% gross of fees. The management fee quoted for the Plan was 39 basis points (0.39). The presentation lasted from 1:39 P.M. to 2:12 P.M.

**EAGLE CAPITAL MANAGEMENT:**

Presenting on behalf of Eagle was Mr. John Johnson. Mr. Johnson advised that the firm is completely employee owned and currently has approximately \$30B AUM. The firm was founded in 1988 and while they are a collaborative team of thirty-eight seasoned professionals, they utilize an eight-member investment team. He stated regarding returns, "we are never the best, but we are never the worst." Over the three, five, seven, and ten-year returns, the Eagle Equity Separately Managed Account (SMA) has consistently outperformed the Russell 1000V Index. The investment team is incentivized by good portfolio returns for their clients and are generalists by design. They maintain a focused portfolio of typically twenty-five to thirty-five stocks with a maximum position size of ten percent of the total portfolio. They have an annual turnover of less than twenty-five percent and believe strongly in "letting the winners run," meaning a favorable performing stock would be held for the duration of its upward run. The management fee quoted for the Plan was 100 basis points (1.00) up to \$5M and 75 basis points (0.75) beyond \$5M. The presentation lasted from 2:17 P.M. to 2:39 P.M.

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**SEIZERT CAPITAL PARTNERS:**

Opening comments on behalf of Seizert were made by Director of Client Relations, Mr. Chris Heatley. Mr. Heatley advised that the firm has six strategies with approximately \$1.6B AUM. Seizert Capital Partners strives to preserve and compound their clients' capital over a long-term time horizon by focusing on owning undervalued businesses. They have fifteen employees and a six-person investment team. Mr. Tom Kenny advised the Board that their perspective is that they are not merely stock buyers but instead are owners of businesses. Mr. Kenny told the Board about their investment process and how this disciplined process which relies on quantitative and fundamental analysis helps to identify what they believe are the most attractive opportunities for investment. Mr. Andy Jones discussed the sell strategy utilized by Seizert such as deterioration in model rank or company fundamentals, stock price target, a more attractive investment opportunity exists, or there is the appearance of multiple risk flags. Typically, the portfolio contains thirty to forty well vetted domestic equities with the large cap value strategy consistently outperforming the Russell 1000V Index over the one, three, five, and ten-year returns. The management fee quoted for the Plan was 50 basis points (0.50) on the Plan balance. The presentation lasted from 2:50 P.M. to 3:20 P.M.

**PUBLIC DISCUSSION:**

No comments or questions were received. Mr. Brilliant noted that on the public meeting notice the following language was posted, "Any member of the public may submit questions or comments to be read during the public comment section of the meeting to [info@mydpdpension.org](mailto:info@mydpdpension.org) by July 28, 2020."

**CONSENT AGENDA:**

None

**APPROVAL OF THE MINUTES:**

None

**WARRANTS APPROVED BY BOARD:**

None

**ACTUARY REPORT – DULANEY & CO:**

None

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**DAHAB ASSOCIATES:**

Mr. David Lee spoke with the Board of Trustees regarding the presentations they had just been given. The Board asked several questions of Mr. Lee regarding the three presenters and then discussed between themselves the pros and cons of each of the three options. After much discussion, a Motion was made by Mr. Taylor. A Second was made by Mr. Mackie. The Motion was approved by a 5/0 vote of the Board to hire Aristotle Capital Management with an approximate investment of between \$13M and \$14M.

**ATTORNEY REPORT - KKJ&L:**

Mr. Kaufman advised the Board he would review the investment documents with Mr. Lee as they were submitted by Aristotle Capital.

**PLAN ADMINISTRATOR - PPA:**

None

**OPEN DISCUSSION:**

None

**ADJOURN:**

Mr. Davis made a motion to adjourn which was seconded by Mr. Perez. Without dissent, the meeting was officially adjourned at 3:35 P.M. The next remote meeting is scheduled for August 11, 2020 at 1:30 P.M.

***CHAIRMAN FOR THE BOARD***

DocuSigned by:  
  
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***Paul Ortenzo***