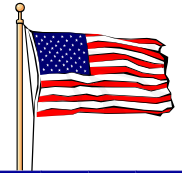




# POLICE PENSION NEWS



A HOLLYWOOD POLICE OFFICER'S RETIREMENT SYSTEM PUBLICATION

Issue 1  
Date of Issue:  
First Quarter 2002  
Inaugural Issue

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## FOURTH QUARTER PENSION FUND SUMMARY

As of December 31, 2001, our fund had a total market value of \$147,975,000. For the quarter the fund earned \$8,987,000.



On December 31<sup>st</sup>, our fund was 52% invested in stocks, 42% in bonds, and 6% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds). Our ongoing target for investment in stocks is 54% of the total fund – we will usually be near that target, perhaps a little bit above or below as we were this quarter.

For the quarter ended December 31<sup>st</sup>, the total fund earned 6.47%, which was a big improvement over the previous quarter's -5.84%. After investment expenses, for the quarter our net return was 6.38%. Stocks in general – large, small, international – outperformed bonds, which were flat for the quarter. For the last 3 years, however, bonds did beat large company stocks, but did not do quite as well as smaller and middle-sized company stocks.

Among international stocks, European companies had strong returns similar to that of the S&P 500 Index, but Japan and the rest of the Far East continued to have

negative returns. The best performing sector among US stocks was information technology, which rose almost 35% in the fourth quarter of the year 2001. The worst performing sector was telecommunication services, which dropped 10.5%. Among the major economic indicators, the Consumer Price Index (CPI Urban) rose only 1.6% for the twelve months ended in December. This compares to an increase of 3.4% in the year 2000. The unemployment rate was 5.8% in December, compared to 4.9% in September.

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**The Board of Trustees join you in wishing Ronni Mangan, Jeff Mathis & Vic Tetter a fast and furious recovery.**

**Each are in our thoughts and prayers.**



## 185 Share Accounts

The Board of Trustees have established a share account for each active (Non DROP) sworn officer on the department. It was established as part of a city ordinance change last year.

The account year runs from July 1– June 30th each year. We are currently in the first year of the program.

For each month you were an active member of the plan during this timeframe, you will be issued 1/12th of a share. If you were an active member for the entire plan

year, you are entitled to one full share (12/12ths).

The funds come from the State of Florida as part of an insurance tax rebate and are generally received in July of each year.

Once received, the proceeds will be invested on your behalf through the pension fund.

The amount received from the state varies from year to year, so the amount deposited on your behalf cannot be guaranteed.

Annually, you will receive a benefit statement for your account that will outline your account activity, such as deposits, investment returns, etc.

You cannot receive a distribution from this account until you retire or terminate employment.

You will be informed as further details become available.

### Monthly DROP Postings Begin! Effective January 1, 2002

The Board of Trustees have approved the following change to your DROP Account.

Instead of investment returns being posted quarterly, your account will now be posted monthly with investment returns. This also means that you will receive a monthly DROP Statement as well. Look for the statements in the middle of each month (or once we are notified of the rate of return). The website is also going to be updated monthly with your DROP data.

(See related website article page 4).

## Your Plan's Top Ten Holdings

### INVERNESS COUNSEL

IBM

Johnson & Johnson

Procter & Gamble

Dover Corp.

Intel

American International Group

Home Depot

General Electric

Union Pacific

Carlisle Companies

## Retiree Supplemental 13th Check



Many of you have called the office, but for those who have not, you will receive a 13th check this year.

The distribution of assets will be determined by our Plan Actuary.

The distribution notice went out in the mail on February 21, 2002 to each retiree. The purpose of the notice is to notify you of your share amount and asking you how you would like the distribution handled. Please complete the form that will be enclosed and return it no later than March 10, 2002. As in years past, if you want a flat 20% taken out of your distribution, you do not have to return the election form and the withholding will be made accordingly. The 13th check distribution will be made the week of April 1, 2002, via the US Postal Service.

Looking ahead to 2003, is like looking into a crystal ball. As you know this distribution is based on the investment returns of the Plan. There is no guarantee what the future may bring.

Investment returns will be posted in this newsletter as the year progresses.

## Fourth Quarter Update

*Continued from page one.....*

As everyone knows, the Federal Reserve has been lowering the discount rate all during the year 2001. In the October-December quarter alone the discount rate was lowered three times to 1.25%. Not much more room to go. The discount rate is the interest rate that the Federal Reserve charges banks for short-term loans.



**This section of the newsletter will traditionally have the latest financial information about the plan.**

## Total Fund Summary

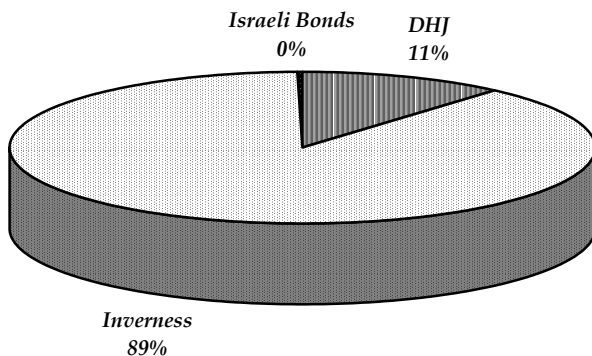
### ONE YEAR

For the last year our fund earned -1.81%. While minus signs do not make anyone smile, we still did better than the stock and bond market as a whole, which came in for the year 2001 at -2.36%. Both our stocks and our bonds beat their separate markets, but stocks were down a little more than bonds were up. Bonds gave us a positive 9.0%, which is a reminder of why we have bonds in the portfolio. Our core equity (stock) manager, Inverness, outperformed our growth stock manager, Davis Hamilton Jackson, in 2001, -8.82% vs. -14.21%. Although growth stocks did well in the last quarter of 2001, they were out of favor (that is, other stocks did better) the rest of the year.

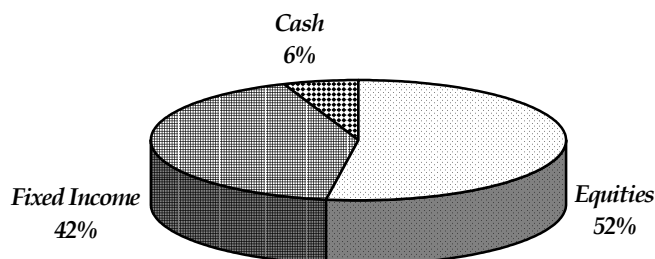
### LONG TERM

For the last five years, the total fund has had an average annualized rate of return of 8.75% per year, which beat the overall combined stock and bond markets' 8.15%. During that time, stocks brought us 10.43% and bonds 7.33%. Over most time periods in the past, the overall stock market has beaten the bond market.

### Division of Assets by Investment Manager



### Your Plan's Asset Allocation



### RETIREE CORNER

*This section will highlight new retirees, new DROP participants and any other information determined by the Board of Trustees. If a retiree would like to announce an upcoming event, please let us know.*

#### **Congratulations to our new Retirees**

Joe Marotta	12/1/01
Charlie Tiger	12/2/01
Steve Zahn	12/5/01
Tom Diemer	1/4/02
Fred Lloyd	1/4/02
Frank Bresk	1/14/02
Butch Hones	1/31/02

#### **Congratulations to our new DROP Members**

Frank Hogan	11/1/01
Barbara Mannix	11/1/01
Mike Springstun	11/1/01
Timothy McKenna	12/1/01
John Lunney	12/1/01
Mike Browne	3/1/02

## THE BOARD OF TRUSTEES

David Strauss, Chairman  
Tony Rode, Secretary  
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Peter Salvo, Trustee  
Frank McGarry, Trustee  
Richard Brickman, Trustee  
Larry Wiener, Trustee

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4205 Hollywood Blvd., Suite 4  
Hollywood, Florida 33021

Phone: 954.967.4395  
Fax: 954.967.4387  
Email: hpdpension@aol.com



The Board of Trustees continue to remind all members to keep us up-to-date with any changes in your address, phone numbers and most importantly beneficiaries.

Drop by or call for a new member information form. Be prepared should tragedy strike. Safeguard your loved ones today!

### *Disclaimer*

The information contained herein is provided for informational purposes only. The foregoing information/summary/prices/quotes/statistics have been obtained from sources we believe to be reliable, but cannot guarantee its accuracy or completeness. Neither the information nor any opinion expressed constitutes investment, tax and/or legal advice from the Board of Trustees and/or any and all entities thereof. Please consult your professional investment, tax and/or legal advisor for such guidance.



### **Hollywood PBA Annual Picnic**

**TY Park— Pavilion 12**

**NOTE NEW DATE !!!  
May 26, 2002  
12-6 PM**

**Hope to see you and your family there.**

#### **Website**

The pension website is undergoing a major overhaul. The Board of Trustees have contracted with a new firm to host the site and to give it a new look. In addition to the cosmetic appearance, the Board wants the site to be a valuable resource to you the member.

The Board of Trustees will keep you advised as we progress. If there is anything you would like to see on the site, kindly let us know.

## **Odds and Ends**

### **12 Month Rule (DROP Loans)**

We recently received a letter from Mr. Peter Gold, Principal and Benefit Consultant for Buck Consultants (our Actuary). A copy was posted on the pension board. The letter outlines various aspects of Internal Revenue Code 72(p). Mr. Gold's letter is available to anyone wishing a copy.

In short, if you have an outstanding loan, we must look back at the highest amount owed over a 12 month period. That amount will be deducted from the \$50,000 cap. That will be the most you can borrow without possibly facing a taxable distribution.

### **Ponderisms:**

*Nobody can be exactly like me. Sometimes even I have trouble doing it.*

*- Tallulah Bankhead*

### **Quote of the year:**

In a recent interview, General Norman Schwartzkopf was asked if he didn't think there was room for forgiveness toward the people who have harbored and abetted the terrorists who perpetrated the 9/11 attacks on America.

His answer was classic Schwartzkopf. He said, "I believe that forgiving them is God's function. Our job is simply to arrange the meeting."

### **Summary Plan Description**

The Board of Trustees are in the process of reviewing and updating our *Summary Plan Description* (SPD). As there have been so many positive changes to our Plan of recent, the entire book must be revisited. In brief, a SPD outlines all the provisions of the Plan.

### **Enron**

The Board of Trustees is happy to announce that as far back as July 30, 2001, our Plan held NO Enron stock.

### **Administration**

The Board of Trustees are happy to announce that we have hired *Dave Williams* as your Plan Administrator.

We would also like to *congratulate Cheryl Winton* For her promotion to Asst. Plan Administrator .

Cheryl and Dave are committed to work as a team for the betterment of our Plan!