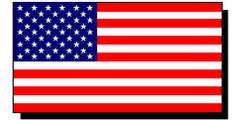




POLICE PENSION NEWS



A Hollywood Police Officers' Retirement System Publication

Issue 6

Date of Issue:

Second Quarter 2003

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Reminder!

Annual Hollywood PBA Picnic

TY Park

Pavilion 10

May 4, 2003

12-5 PM

Hope to see you there!!!

FIRST QUARTER PENSION FUND SUMMARY

As of March 31, 2003, our fund had a total market value of \$136,913,000. For the quarter, the fund gained \$265,000.

For the quarter, the average allocation of our fund was 47% invested in stocks, 42% in bonds, and 11% 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.

For the quarter ended March 31, 2003 the total fund gained 0.21%, beating out our benchmark which was down 0.98%, which was yet another positive quarter for the fund. In the previous quarter (12-31-02), the fund gained 3.17%. Stocks in general – large, small, and international – were down for this quarter.

The best performing sector among US stocks was

health care, which rose 0.85% in the first quarter of 2003. The worst performing sector was telecommunication services, which declined 15.08%. As you may recall, the worst performing sector for last quarter was consumer staples, which rose 0.54%.



Among the major economic indicators, the Consumer Price Index (CPI Urban) rose 3.0% for the twelve months ended in March. This compares to an increase of 2.4% for the twelve months ended in December. The Producer Price Index (PPI) for finished goods rose 4.2% for

12-month period ended in March. The seasonally adjusted annual rate for the 3 months ended in March was 17.4%.

The unemployment rate was 5.8% in March, compared to 6.0% in December. Real Gross Domestic Product (GDP) rose at an annual rate of 1.4% (final) for the fourth quarter, 2002, compared with an increase of 4.0% (final) in the third quarter, 2002.

The Federal Reserve Board has established a primary discount rate of 2.25%. The rate is a result of the new discount rate program approved by the Federal Reserve Board on October 31, 2002. The primary discount rate is the interest rate that the Federal Reserve charges banks for short-term loans.

The Producer Price Index (PPI) measures the change in wholesale prices. The PPI tracks prices of foods, metals, lumber, oil and other commodities. The PPI is usually a precursor to the CPI.

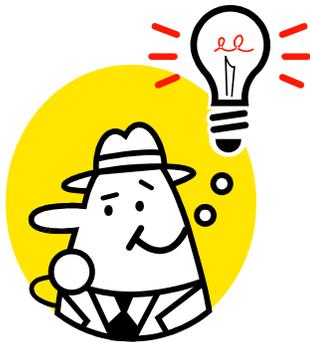
Total Fund Summary

Long Term Since September 30, 1992, the fund has an average rate of return of 8.29% per year. For the last five years, the total fund has an average rate of return of 2.38% per year, which beat the overall combined stock and bond markets' 1.61% return. During that timeframe, stocks averaged -2.07% and bonds 7.62%, while their respective benchmarks averaged -3.74% and 7.55%. For the last three years, stocks had an average return of -14.39%, while bonds averaged 10.06%.

PRUDENT PERSON REVISITED

As you may recall, in August of 2002, the active membership voted 172-7 in favor to revise the ordinance language for investment purposes.

The Board of Trustees sought the revision based on our investment managers' opinions that there were too many investment constraints placed upon them with the current ordinance language.



"Prudent Person Rule" as it is known is a broad guideline that says fiduciaries (money managers) must act as a prudent person and would be expected to invest with discretion and intelligence, to seek reasonable income, preserving capital.

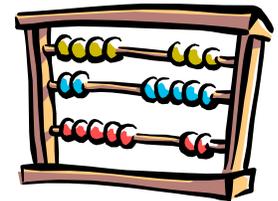
The issue originally went before the city commission back in September, but was removed from the rest of the ordinance. Since then, the Board of Trustees have been working hard to get have the item revisited.

On February 26th, the city commission convened a special workshop to discuss the issue at length. The Board was represented by Mr. George Ling, Investment Consultant, Mr. Robert Maddox, Investment Manager, Ms. Janna Woods, Investment Manager and Mr. Steve Cypen, Attorney for the Board.

After hearing the matter in further detail, the commission decided in favor of the change and to move forward with a revision to the ordinance. The first reading of the ordinance passed on April 2, 2003. The next reading is in May 2003.

The Board of Trustees would like to thank the city commission, the city manager, the human resource director, the PBA and all of our own professionals who assisted in this effort. *A copy of the ordinance may be viewed on the web.*

THE WEB CALCULATOR HAS ARRIVED!



Put away that abacus.

The Board of Trustees is pleased to announce the introduction of the latest addition to our award winning pension web site. You may now go on-line and try out our own pension calculator. The calculator provides retirement benefit projections based on the numbers you enter into the system, as well as DROP account projections based on the assumption rate (FRR) which is currently at 8% annually. Give it a try and let us know what you think. The second phase of the web calculator will be able to use data from our system, based on actual payroll. Look for details in future issues.

TOP 10 STOCKS

INVERNESS	DAVIS HAMILTON JACKSON
Proctor & Gamble	Exxon Mobil Corp.
Union Pacific	Microsoft Corp.
Carlisle Companies	Johnson & Johnson
Johnson & Johnson	Pfizer
Apollo Group	General Electric
IBM	3M
Honeywell	Proctor & Gamble
American International	US Bancorp
Pepsico	Fannie Mae
Bank America	Wal Mart



BOARD HIRES NEW MONEY MANAGER

Since 1976, St. Petersburg, Florida-based Eagle Asset Management Inc. has been managing customized portfolios to help clients successfully meet their investment goals. We currently manage approximately \$5.7 billion in assets for individual and institutional clients, including cities, counties, hospitals, schools, corporations, mutual fund companies and charitable organizations.

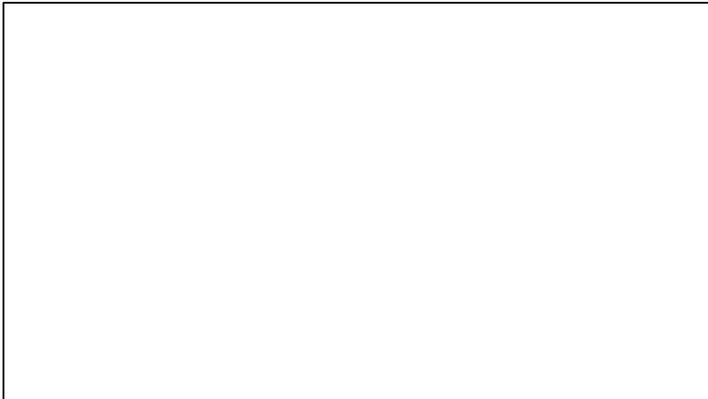
Over the years we have seen markets rise and fall, we have watched global trends rapidly emerge and we have witnessed investment styles go in and out of favor. Through it all, we remain committed to using every available resource to generate superior results. We fulfill this commitment by employing proven investment professionals who adhere steadfastly to their mission: doing the hard work required to purchase fundamentally sound businesses.

Eagle's Small Cap Core team, led by Todd McCallister and Stacey Serafini Thomas, is dedicated to that mission. The team is focused on companies that are low-cost producers; those with high barriers to entry; those with strong management teams; those that use technology in a way that is superior to their peers; those with recurring revenue streams; and those with conservative accounting. In short, portfolio management's view is a company must be worth buying in its entirety if one is to buy stock in it. Only after completing this comprehensive fundamental research and analysis will the team consider purchasing a company name for the portfolio.

While conditions in the market remain difficult, going forward, Eagle's Small Cap Core team believes the market is valued fairly relative to historical averages and extremely inexpensive relative to current interest rates. In response, the portfolios are invested in companies with stable free-cash-flow yield between 4% and 10%. With long-term interest rates near 4%, stable cash-rich firms have limited downside risk before quasi-arbitrage opportunities emerge in the form of stock buybacks, takeovers and mergers.

With years of experience and a fierce commitment to each client's financial success, Eagle is a name investors have come to trust. We thank the Board of Trustees and the members of the Hollywood Police Officers' Retirement System for this opportunity and look forward to building a long-term relationship. *The foregoing was provided by Eagle Asset Management.*

Division of Assets by Investment Manager



Your Plan's Asset Allocation

God Bless the U.S.A.!



RETIREE CORNER

Congratulations to our latest Retirees

Beverly Callari **April 1, 2003**

Leona Condon **June 1, 2003**

Congratulations to our latest Drop members

Robert Dolan **March 1, 2003**

Jay DePetro **March 1, 2003**

William Moore **March 1, 2003**

Hugs, Hand-Holding Keep Heart Healthy



Give your loved one a big hug today. It's good for their heart and for yours, too.

A new study shows that hugging and hand-holding with your sweetheart reduces stress and is beneficial for your heart.

The study by the School of Medicine at the University of North Carolina-Chapel Hill said that there is something about the physical nature of touch that releases endorphins -- chemicals that allow us to feel good, happy and less stressed out. According to the research presented at the American Psychosomatic Society meeting, a 20-second hug and 10 minutes of hand-holding with a romantic partner greatly reduces the harmful physical effects of stress.

Your heart may race or skip a beat when you're with your sweetheart, but the study finds adults involved in comforting physical contact have lower heart rates and lower blood pressure.

"When we feel connected to others, we don't feel as isolated, we don't feel as alone, and that can help us when we're stressed. When we have a very busy day, just to have someone to go home to, to hold onto, to say everything's going to be OK, it can be very wonderful," said Chris Fariello of Penn Council for Relationships in Philadelphia.

The research showed that touch lowers the output of cortisol, a stress hormone. When cortisol dips, there's a surge of two "feel-good" brain chemicals, serotonin and dopamine.

GET YOUR HOLLYWOOD POLICE MEMORIAL PIN NOW!

Police Memorial Day is coming soon!

The *Hollywood Police Alumni Association* are selling memorial pins for \$5.00.

This collector item is in short supply, so get yours today before it is too late!

Call Cheryl @ ext 4395 for details.



P-I-C-T-U-R-E-S

Keep those pictures coming!

In our last newsletter, we asked members to send us their old police pictures, group photos, so we may put them on the walls of the pension office. Many of you have and it is appreciated. If you have pictures to share, let us know. We will scan the original and return it to you. Take a moment and see who you recognize.

This picture courtesy of Dave Elgersma



Attention Retirees!



**Hollywood Police Chief's Gala
to Benefit the Police Athletic League**

Saturday, June 28th, 2003 at 7:00 P.M.

**Westin Diplomat Hotel
3555 South Ocean Drive
Hollywood, Florida**

**Dinner, Dancing, Live Music, Auction
Open Bar and Hors d'oeuvres 7:00-8:00 P.M.**

Tickets \$75.00 per person

**Checks Payable to: Hollywood Police Athletic League
2311 North 23 Avenue Hollywood, Florida 33020-6967**

**For tickets or additional details, contact:
Hollywood Police Retiree - Jerry Christiansen
Director, Police Athletic League
954-921-3401**

Don't Forget To Visit Us !!!

www.hollywoodpolicepensionfund.com

THE BOARD OF TRUSTEES

David Strauss, Chairman

Tony Rode, Secretary

Cathy Marano, Trustee

Frank McGarry, Trustee

John Barbuto, Trustee

Richard Brickman, Trustee

Larry Wiener, Trustee

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All Americans today are thinking ... of the families of these men and women who have been given this sudden shock and grief. You're not alone. Our entire nation grieves with you. And those you loved will always have the respect and gratitude of this country.

~ President George W. Bush,
Feb. 1, 2003



Odds and Ends



In Memoriam

The Board of Trustees wishes to extend their condolences to *Jean Eaton* for the loss of her husband, retiree *Wilbur Roy Eaton, age 74*. Wilbur retired from the HPD in 1970.

Welcome Aboard!

The Board of Trustees welcomed new Board Trustee, John Barbuto at their March 28th meeting. Good Luck John!

We look forward to working with you.

Election Results

Dave Williams presented the Board of Trustees with the official trustee election results on March 28, 2003. The election was for three trustee seats. The Board accepted the results which were as follows:

Total Eligible Ballots - 246

Total Ballots Cast - 216

Total Ballots Disqualified - 2

1. David Strauss (Incumbent) 142 Votes

2. Tony Rode (Incumbent) 140 Votes

3. John Barbuto 135 Votes

4. Pete Salvo (Incumbent) 109 Votes

5. Tom Dandeleit 77 Votes

The Board was very pleased that so many members took the time to vote in this election. It was also noted that only two ballots were disqualified, which means the new system in place is showing positive results.

E-Mail Updates

As many of you know, Bill Wynn sends out e-mails about department updates and news. Bill has asked that if you want to be in the loop, to e-mail him at wwynn0403@aol.com

Share Plan Reminder!

When you retire from the police department, you have up to one year to withdraw your money from the Share Plan.

The money may be transferred to a qualified account (*in whole or part*) to avoid being taxed, or a payment can be made directly to you, with a mandatory 20% withholding for taxes. While the money is left in the fund, it will be invested and continue to accrue the gains or losses of the system. *As always, any questions give us a call.*

