



POLICE PENSION NEWS



A Hollywood Police Officers' Retirement System Publication



Issue 8

Date of Issue:

Fourth Quarter 2003

THIRD QUARTER PENSION FUND SUMMARY

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THANK YOU!

TONY RODE

Please join The Board of Trustees in thanking Tony for his many years of dedicated service to the plan as a Pension Trustee!

As of September 30, 2003, our fund had a total market value of \$148,892,000. For the quarter, the fund gained \$2,776,000.

For the quarter, the average allocation of our fund was 55.0% invested in stocks, 37.5% in bonds, and 7.5%

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 September 30th, the total fund gained 1.90%, beating our benchmark which was up 1.61%. In the previous quarter, the fund gained 7.40%. After investment

management expenses, for the quarter our fund net return was 1.81%.

The best performing sector among US stocks was information technology, which rose 10.77% in the third quarter of 2003. The worst performing sector was telecommunications services, which declined 10.09%. As you may recall, the worst perform-



ing sector for last quarter was energy, which rose 6.40% this quarter.

Among the major economic indicators, the Consumer Price Index (CPI Urban) rose 2.3% for the twelve months ended in September. This compares to an increase of 2.1% for the twelve months

ended in June. The Producer Price Index (PPI) for finished goods rose 3.5% for twelve-month period ended in September. The seasonally adjusted annual rate for the 3 months ended in September was 3.4%.

The unemployment rate was 6.1% in September, compared to 6.4% in June. Real Gross Domestic Product (GDP) rose at an annual rate of 3.3% (final) for the second quarter, 2003, compared with an increase of 1.4% (final) in the first quarter, 2003. During the third quarter, the Federal Reserve Open Market Committee maintained its target for the federal funds at 1.0%. The federal funds rate is the interest rate that banks charge each other for overnight loans.



2004 MEETING DATES

THE CITY OF HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM, BOARD OF TRUSTEES WILL BE MEETING ON THE FOLLOWING DATES.

January 30, 2004	February 20, 2004
March 26, 2004	April 30, 2004
May 21, 2004	June 25, 2004
July 30, 2004	August 20, 2004
September 24, 2004	October 29, 2004
November 19, 2004	December 17, 2004

**4205 HOLLYWOOD BLVD., SUITE 4
HOLLYWOOD, FLORIDA
TIME: 10:30 A.M.**

Dates and times are subject to change

NEW INVESTMENT MANAGER HIRED



Buckhead Capital has been retained by the Hollywood Police Officers' Retirement Plan to manage a 10 million dollar portfolio of mid-large cap value stocks. This action will further enhance our plan's diversification.

Founded in 1994, Buckhead Capital Management is an employee-owned investment advisor located in Atlanta, Georgia. The firm currently manages over \$800 million for public pension funds, corporate retirement plans, foundations, endowments and high net worth individuals. The objective for Buckhead is to outperform the Russell 1000 Value Index, and to outperform the S&P 500 over a full market cycle.



Web Awards Continue!

TOP 10 STOCKS

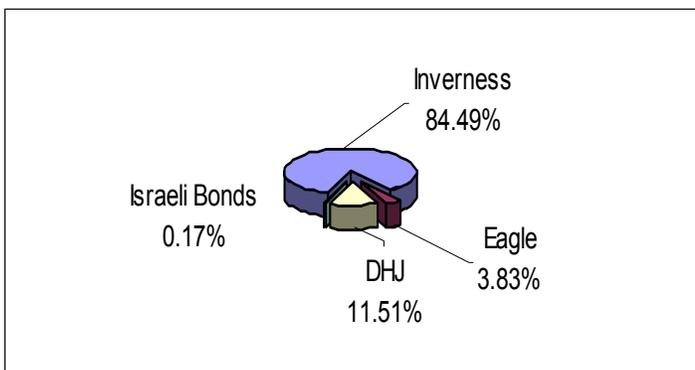
DHJ (<i>Lg. Cap Growth</i>)	Inverness (<i>Lg. Cap Core</i>)	Eagle Asset (<i>Small Cap</i>)
Microsoft	Intel	Gtech
Pfizer	American Express	Doral Financial
Exxon Mobil Corp.	General Electric	Commonwealth Tel
Intel	Proctor & Gamble	Interactive Data.
Cisco	IBM	Rowan
US Bancorp	Apollo Group	Arbitron, Inc.
Citigroup, Inc.	Univision	Kerzner International
Dell	Johnson & Johnson	Albany International
Proctor & Gamble	Bank One	John Wiley
Merck	Bank America	Global

Long Term Look Back

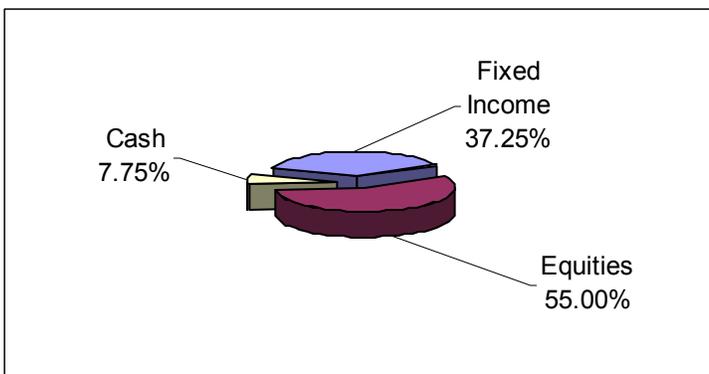
ONE YEAR: For the last year our fund gained 13.14% (*Gross of Fees*), while its benchmark was up 16.76%. Stocks were up 20.44%, while the benchmark was up 25.60%. Bonds were up 7.39%, while the benchmark was up 6.26%. Our core equity (stock) manager, Inverness, outperformed our growth stock manager, Davis Hamilton Jackson, for the year ending September 30, 2003, 20.49% vs. 19.31%, while both lagged the S&P 500 return which was 24.40%.

LONG TERM: Since September 30, 1992, the fund has an average rate of return of 8.79% per year. For the last five years, the total fund has an average rate of return of 4.54% per year, which beat the overall combined stock and bond markets' 3.79% return. During that time, stocks averaged 2.73% and bonds 6.96%, while their respective benchmarks averaged 1.19% and 6.69%. For the last three years, stocks had an average return of -9.22%, while bonds averaged 9.78%.

Division of Assets by Investment Manager



Your Plan's Asset Allocation



RETIREE CORNER

Congratulations to our latest Retiree

Frank Carry 10-06-03

Congratulations to our latest DROP Participants

Mark May 09-01-03

John Miller 11-01-03

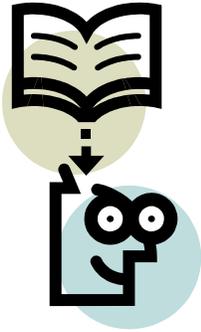
In Memoriam

With great sadness, the Board extends their sympathy to Dave Commella's Family for their loss.

The Board of Trustees also wishes to extend their condolences to Diana Davis for the loss of her husband, retiree John Davis. John retired from the HPD in 1997.



Recapture ?



What does it mean?

The Board of Trustees authorized our investment managers to trade stocks through a designated broker.

As a result of the trades executed through that broker, a rebate is made to the system from the trade commission.

The money that would normally be written off as part of business, is put back in the fund to pay for trustee educational expenses!!!

\$20,939.76

has been recovered this first year alone!

Just The Facts

The following information was obtained from of Actuary, Buck Consultants.

Where do you fit in?

As of October 1, 2002, the average years of service for a police officer was valued at 12 years. There was 51 members who had 1-5 years on the department. Their average pensionable earnings were valued at \$48,418.00. The largest pool of officers was in the 10-15 year mark. There was 61 officers in that range with the average pensionable earnings of \$67,340.00. The average police officer's age was 38.8 years old. The average police officer's salary was valued at \$63,999.00.

The average non-disabled retiree monthly benefit was valued at \$2,698.00. The average disabled retiree monthly benefit was \$1,816.00. Finally, the average beneficiary (widow) monthly benefit was \$649.00. *Which annually is \$1,192.00 below the 2003 poverty level.*

We had a total of 495 members in the System. Out of that number, 251 were active members, 6 were vested (*left the agency and will collect a retirement benefit in the future*). This leaves 238 retirees (and beneficiaries).

IRS Child Credit - GOT YOURS?

WASHINGTON (Oct. 27) - More than \$118 million in tax refunds and advance child credit payments owed to more than 200,000 taxpayers went undelivered this summer, the Internal Revenue Service said. "All we need is a good address. As soon as we get the correct address, we can start the check on its way," IRS Commissioner Mark Everson said.

Families who expected but didn't receive an advance child credit payment this summer must act by Dec. 5 to claim an undelivered refund this year. After the deadline, families must wait until they file their 2003 tax returns next year to claim the credit. The IRS has nearly 116,000 undelivered child credit checks worth more than \$50 million. The checks were returned most often because the taxpayer moved without notifying the IRS of a changed address. A taxpayer can alert the IRS to a new address by calling 1-800-829-1040 or by filing Form 8822, which can be found on the IRS web site.

The IRS issued nearly 24 million advance child credit payments this summer after President Bush enacted a tax cut that increased the credit this year to \$1,000 from \$600. The checks were worth up to \$400 per child. Families who had their first child in 2003 did not get a check and can claim the credit when they file their tax returns next year. More than 92,000 tax refund checks also were returned to the IRS as undeliverable. The average check is worth \$722.

Small Cap Stock Spotlight

Albany International (Ticker = AIN)



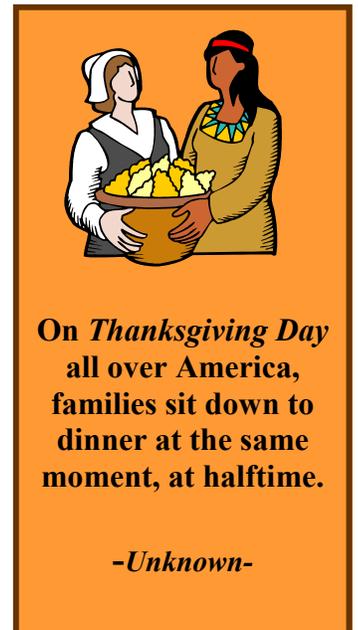
- Sector: Industrials
- Market Capitalization: \$1.0 Billion
- Number one manufacturer of paper-machine belts
- Dominant market position, located in 25 countries
- Priced at \$33 and having \$3/share of free cash flow, stock is trading at less than 11x free cash flow
- Virtually unknown on Wall Street, only one analyst covering the company
- Average cost in Hollywood Police portfolio: \$26 per share, currently trading at \$33

BARRA (Ticker = BARZ)

- Sector: Financials
- Market Capitalization: \$726 Million
- Leading provider of investment risk management solutions (Investment Consulting)
- Also offers POSIT, a computerized equity trading system
- Good cash flow and stable installed base in its risk management business
- Per share, about \$11 in cash and at least \$10 in POSIT value
- Average cost in Hollywood Police portfolio: just over \$30 per share, currently trading near \$40

Arbitron (Ticker = ARB)

- Sector: Business Services
- Market Capitalization: \$1.1 Billion
- Market research firm with 100% market share in radio audience measurement
- Contract renewal rates of 90+% due to monopolistic market position
- Generates strong free cash flow, which is used for debt repayment and strategic tuck-in acquisitions
- Trades at a discount to take-out value of Nielsen Media Research (TV audience measurement) in 1999



**On Thanksgiving Day
all over America,
families sit down to
dinner at the same
moment, at halftime.**

-Unknown-

The Board of Trustees congratulates our most recent Certified Public Pension Trustee

Frank McGarry



Frank was recently awarded the CPPT certification through the Florida Public Pension Trustees Association. Frank proudly joins the ranks of several other past and present Board Trustees.

The CPPT certificate is attained by attending educational seminars and conferences which includes examinations on the material.

The educational seminars include such topics as Asset Allocation, Capital Markets Stocks/Bonds, Fiduciary Responsibilities, Economics, Pension Fundamentals, Performance Reporting, Legal Issues and other Public Pension Business.

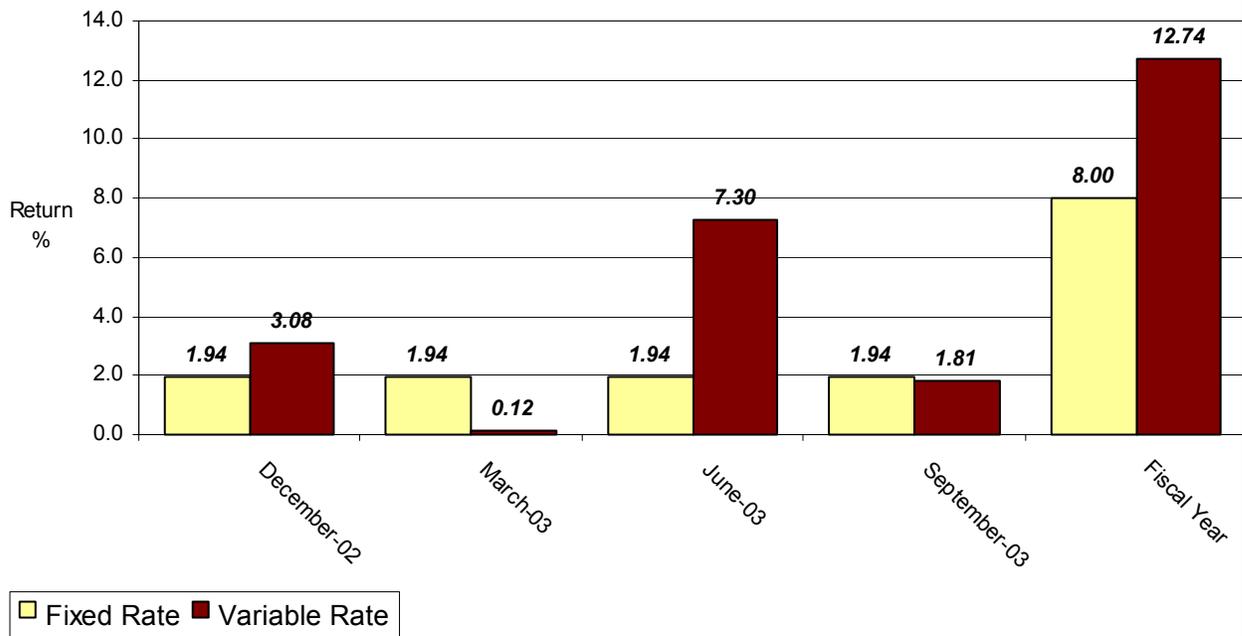
FRR or VRR?

Well, we just completed our first year with the optional VRR (*Variable Rate of Return*) & FRR (*Fixed Rate of Return*).

For those who are not aware of this program, DROP members have the option of selecting the actual rate of return of the plan, or the actuarial assumed rate of return of the plan (currently 8%). DROP members may change their selection annually.

Last year when the new program was launched, members were warned not to try to time the market. That statement remains true today. In any case, the VRR beat out the FRR this year 12.74% compared to 8.00%. The great news is that everyone is a winner. Please review the graph for a one year look back.

**Fixed Rate of Return vs. Variable Rate of Return
September 30, 2003**



DROP WINDOW PERIODS



As mentioned above, the Board of Trustees have selected four window periods to make a “DROP Investment Return Selection”. They are as follows: August 1-31st for the October 1 Quarter; November 1-30th for the January 1 Quarter; February 1-28th for the April 1 Quarter and May 1-31st for the July 1 Quarter.

LIGHTHOUSE POINT, FLORIDA GETS DEFINED BENEFIT PLAN

According to Sun Sentinel.com, Lighthouse Point City Commissioners have replaced a defined contribution pension plan for police officers and firefighters with a more traditional, defined benefit plan.



Under the old defined contribution plan, the City contributed 14%. The City will now contribute 14.25% of salary, but expects a big return in terms of attracting job candidates.

The police and fire unions had asked the City for a plan that was more resilient to economic changes -- one that was more in line with those available to surrounding departments. With the defined benefit plan, there should be no doubt that the money will be there upon retirement.

Congratulations goes out to Patrick Hanrahan, Senior Vice President of the Broward PBA, the local PBA Reps and Officers of the LHPD!

RETIREMENT PLANNING GUIDE FOR PUBLIC SERVICE EMPLOYEES

The ICMA Retirement Corporation publishes a wide variety of materials to help employees make informed choices about retirement and financial planning. As part of its retirement planning series, ICMA-RC has published "Charting Your Course -- A Retirement Planning Guide for Public Service Employees." From the table of contents: Introduction to Retirement Planning, Investing for Your Retirement, Understanding Investing, Determining Your Investment Portfolio, The Most Important Step (Resources) and Worksheets. The entire 56 page document can be viewed at <http://www.icmarc.org>, "Education, Planning & Advice - Publications."

For your convenience, a link to this booklet has also been posted on our police pension web site. On page 8 of this publication, there is additional information about a retirement planning available from the AARP.

As a reminder, the Hollywood Police Alumni Association is selling HPD memorial pins for \$5.00. Call the pension office for yours!



Big PBA Win for Municipal Police Officers

On Tuesday, September 23, 2003, Administrative Law Judge Don Davis ruled against the legal challenge mounted by the Florida League of Cities in its attempt to keep new premium tax revenue money from being used in its entirety to fund new "extra benefits" for municipal police officers and firefighters. (*Note to reader: Our state money is being used to fund the Share Plan*).

A little history: Legislation was signed into law by Governor Bush on March 12, 1999, which stipulated that new "extra benefits" be funded from new premium tax revenue money. Following the change in law the Division of Retirement (DOR) began forcing cities to abide, but the League challenged the DOR for failing to adopt a rule to implement the legislation. The DOR adopted a rule of implementation; however, the League issued another challenge to the DOR by challenging the rule as inconsistent with the legislation. Meanwhile, some municipal police officers and firefighters were not receiving new "extra benefits" from the new premium tax revenue monies the cities were receiving. The ruling by Judge Davis finally allows the DOR to enforce its rule and the law on cities that fail to comply. Only the Florida Police Benevolent Association, the Florida Professional Firefighters and the Division of Retirement were present at all the hearings to challenge the Florida League of Cities' claims. According to the Florida PBA, the Fraternal Order of Police (FOP) and International Union of Police Association (IUPA) were missing in action and did not help the affected municipal police officers.

Congratulations goes to the PBA's General Counsel, Hal Johnson for yet another successful legal victory. Hal has won two lengthy legal battles this year: (1) the Florida Supreme Court case of Coastal Florida PBA v. Sheriff Phil Williams which granted deputy sheriffs the right to collective bargaining; and (2) this "Extra Benefits" Pension rule case.

The Board of Trustees thanks the Florida PBA for all their hard work which ensures police officers throughout Florida are treated properly under the law. This latest PBA/Firefighter win against the League of Cities will help ensure that the more than \$80 million in premium taxes going to cities every year will be spent properly - on the officer's pensions.



Alumni Reunion



Dick North & Bill Harms



Diane & Jim Cianfrani



Alicia & Jim Harn



Jack & Arliss



Leanne & Jim Walsh, Dick Witt & Tim Hunter



Ellen Brown & Ben Russo



Jim & Diane Rabbit



Charlie & Terry Shepherd



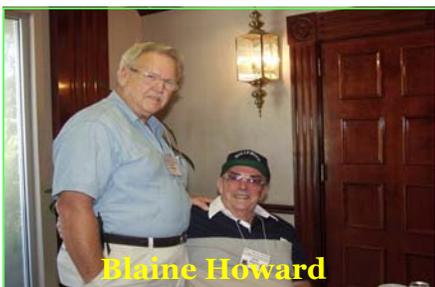
Jim Hall & Ken Stockdale



Dee & John Fontana



Jim Rust & Ted Coombs



Blaine Howard



Joyce & Fred Hobbs



Will & Barbara Reeves



October 3-5, 2003



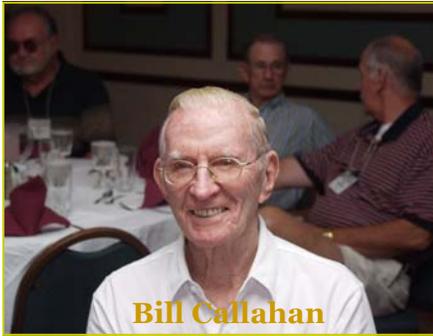
Dick Hynds, President



Betty Horne, Suellen Fardelmann & Phyllis Wright



George & Margie Moore



Bill Callahan



Mary Howard, Barry & Shirley Lombard



Lynne Philbrick



LeRoy & Barbara Hessler



Ann Parmenter



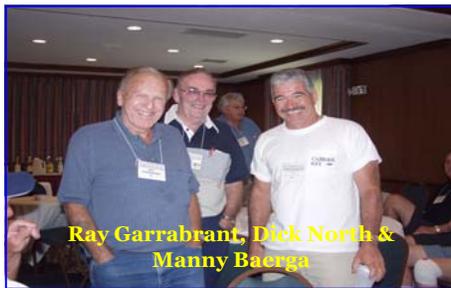
Jim Hall, Leo Socol & Jim Rust



Gus & Michelle McMahon



Melody & Steve Bias



Ray Garrabrant, Dick North & Manny Baerga



Bill Hobart

Don't Forget To Visit Us !!!

www.hollywoodpolicepensionfund.com

THE BOARD OF TRUSTEES

John Barbuto, *Trustee*

Richard Brickman, *Trustee*

Steven Diefenbacher, *Trustee*

Cathy Marano, *Secretary of the Board*

Frank McGarry, *Trustee*

David Strauss, *Chairman*

Larry Wiener, *Trustee*

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4205 Hollywood Blvd., Suite 4
Hollywood, Florida 33021

Phone: 954.967.4395

Fax: 954.967.4387

Email: info@hollywoodpolicepensionfund.com

Beneficiary Forms!



Active members, enclosed in this publication is a beneficiary form. If you have never completed one please do so at once. If you had a major life change like a divorce, please update your pension file by completing a new beneficiary form. Please do not wait do it today. Take the time to protect your loved ones.

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.

Odds and Ends

GOD BLESS OUR TROOPS!!!

Our thoughts and prayers are with all the troops in all the branches of our armed services.

However, remember our own who are protecting & serving our country. Additionally, let us not forget their family members who they have left behind. Hurry Home!

Eric Augustus

Hector Meletich

Anthony Truntz

Anthony Pimentel



AARP Offering Financial Planning CD-ROM



Studies consistently show that workers are not saving enough for retirement. The biggest obstacles workers face in successfully managing their finances is lack of knowledge. AARP's "Ten Steps" offers ten learning modules for individuals with limited, if any, knowledge of financial planning. Designed as a fun introduction, the modules includes steps on setting financial goals, getting organized. Tracking spending, investing and planning for retirement. The interactive CD-ROM provides tips, worksheets and links to additional references to help workers plan their financial futures. To order a free copy of "Ten Steps to a Better Financial Future," visit www.aarpfinancialfuture.org or write to AARP Financial Future, P.O. Box 51728, Knoxville, TN 37950-1728. Orders include a \$4.50 shipping and handling fee.

Congratulations

The Board of Trustees congratulates the Hollywood Police Alumni Association for yet another successful reunion the weekend of October 3-5 in Ocala. Hope you enjoy the photos on pages 8 & 9 of this publication.

Welcome Aboard Steven!

Congratulations are also in order for our newest trustee. Steve Diefenbacher was elected by the active members on October 3, 2003, to complete Tony Rode's term. The Board would also like to acknowledge Wilbur Fernander for having the commitment to run for the open seat. A special thanks is also in order for the 179 officers who took the time to vote.

Retirees Take Note!!!

Effective January 1, 2004, all retirement payments will be made on the first day of the month, or the first business day following the first of the month. This change has come as a result of a change in vendors by our bank. Please make a note of it!