



Police Pension News

A Hollywood Police Officers' Retirement System Publication

PENSION FUND INVESTMENT SUMMARY

Issue 40

Date of Issue:

Fourth Quarter 2011

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THE BOARD OF TRUSTEES WISH YOU AND YOUR FAMILY A SAFE & JOYOUS HOLIDAY SEASON

On September 30, 2011 our fund had a total market value of \$203,060,000. For the quarter the fund lost \$15,948,000. For the quarter the total fund return was -7.27% (net) and its benchmark return is -6.37%. In the previous quarter the fund return was -0.14%. For the quarter the stock return was -16.26% and the benchmark return was -15.20%. The bond return is 2.74% and the benchmark return was 3.42%.

For the quarter the average allocation of our fund was 49.2% invested in stocks, 47.6% in bonds and 3.2% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds and Israeli bonds). Our ongoing target for investment in stocks is 50% of the total fund.

Fiscal Year to Date (10/1/10 - 9/30/11)

For the fiscal year to date the total fund return was 1.21% (net) and its benchmark return was 2.53%. The stock return was -1.89% and the benchmark return was 0.69%. The bond return was 3.93% and the benchmark return was 4.13%.

For the fiscal year to date the Inverness large cap stock return was -5.19%, the Garcia Hamilton & Associates growth stock return was 1.95%, the Buckhead value stock return was -2.12, the Eagle small cap stock return was 2.01%, the Eagle mid-cap stock return was -4.67% and the Rhumblin mid-cap stock index return was -1.26%. The S&P 500 index return was 1.15%.

Calendar Year to Date (1/1/10 - 9/30/11)

For the calendar year the total fund return was -4.25% (net) and its benchmark return was -2.25%. The stock return was -12.74% and the benchmark return was -9.76%. The bond return was 5.80% and the benchmark return was 6.04%.

Long Term

Since September 30, 1992 the fund has an average rate of return of 6.91% (net) per year. For the last five years the total fund averaged 2.80% (net) per year, which out-performed the overall combined stock and bond benchmark return of 2.68%. For the last five years stocks averaged 0.22% and the benchmark averaged -0.68%. Bonds averaged 7.00% and the benchmark averaged 6.19%. For the last three years stocks have an average return of 0.32% and bonds averaged

9.21%. For the last year stocks returned -1.89% and bonds returned 3.93%.

Major Economic Indicators

For the quarter the best performing sector among S&P 500 stocks was Utilities which decreased 0.13% and the worst sector was Materials which decreased 16.59%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 3.9% for the twelve months ended in September. The Producer Price Index (PPI) for finished goods advanced 6.9% (unadjusted) for twelve-month period ended in September.

The seasonally adjusted unemployment rate is 9.1% in September compared to 9.2% in June. Real Gross Domestic Product (GDP) increased at an annual rate of 1.3% for the second quarter of 2011, compared with an increase of 0.4% in the first quarter.

During the first quarter of 2011 the Federal Reserve Open Market Committee kept the target range for the federal funds rate of 0.00% to 0.25%. The federal funds rate is the interest rate that banks charge each other for overnight loans.

Remember: A complete investment report is available on-line.

ORDINANCE REVIEW



Recently, the Board of Trustees unanimously approved the retention of outside legal counsel. The Board of Trustees is governed by the local pension ordinance, as well as state and federal law. Because of the unique and highly complex action that resulted in the most recent ordinance change, the Board needed to ensure that any and all action related to the passage of the referendum and subsequent ordinance change was under the color of the law. The firm retained is working closely with Mr. Steve Cypen, our esteemed Board Attorney, Cypen & Cypen. *(See related article of page 3 of this publication to learn about the firm retained).*

The Board received information at our December 16, 2011 pension meeting, that there are several legal issues with regard to the matter. As such, an action will in fact be filed shortly against the City of Hollywood in an effort to comply with the law. As this action has not been filed to date, the Board can not share any further details. Further communications will follow as warranted.

Thank you for your confidence and continued support!

Top Ten Stocks

INVERNESS	GARCIA HAMILTON	EAGLE SMALL CAP	EAGLE MID-CAP	BUCKHEAD	RHUMBLINE
Roper	Apple Inc.	Actuant	McKesson	Cisco	Green Mtn. Coffee
Microsoft	Exxon Mobil	Cinemark	BE Aerospace	Johnson & Johnson	Vertex Pharma.
McDonald's	IBM	IAC / InterActive	Intercontinental	Lockheed Martin	Dollar Tree
Nuance Comm.	Microsoft	Aspen Tech.	Crown Castle	TJX Companies	Perrigo Co.
Gilead Sciences	Coca Cola	Acacia Research	Allied World	Procter & Gamble	Hansen Nat Corp.
Union Pacific	Grainger	John Wiley	John Wiley	Pepsico	Borg-Warner Auto
Liberty Starz	Baxter Int'l.	Allied World	Liberty Starz	Microsoft	Church & Dwight
Merck	Qualcomm	Pro Assurance	SLM Corp.	Duke Energy	Henry Schein
Abbott Labs	American Tower	Enstar Group	ITC Holdings	Annaly Capital	Macerich Co.
Deere & Co.	Cognizant Tech.	Cardtronics	Check Point Software	AT&T	HollyFrontier

Berger Singerman is a Florida based business law firm. The firm has offices in Miami, Fort Lauderdale, Boca Raton and in the state capital of Tallahassee, Berger Singerman serves a diverse client base with respect to matters involving Florida issues.



Their attorneys are widely recognized as among the best in their respective fields by independent third parties, and many have held prestigious positions in industry, the legal community and public service.

Their attorneys are organized into four teams:

- [Business Reorganization](#)
- [Business, Finance & Tax](#)
- [Dispute Resolution](#)
- [Government and Regulatory](#)

Berger Singerman's Government and Regulatory Team represents public sector and private clients in their interactions with federal, state, regional and local governmental and other regulatory authorities. Our Government and Regulatory Team practice encompasses a wide variety of public interest, governmental and regulatory concerns, including:

- [Land Development, Growth Management, Infill, New Urbanism and "Green Practices"](#)
- [Environmental Regulation](#)
- [Transportation and Infrastructure](#)
- [Healthcare](#)
- [Business and Professional Licensing and other Regulations](#)
- [Public Corruption, Special Counsel Investigations and Ethics Compliance](#)
- [Governmental Procurement and Bid Disputes](#)
- [Election and Campaign Finance Regulation](#)
- [White Collar Criminal Defense](#)

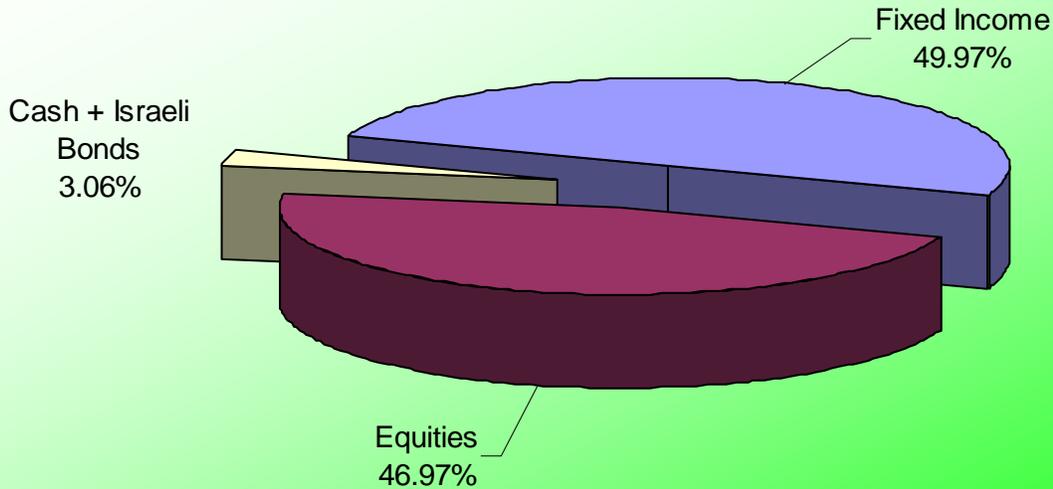
Government and Regulatory Team: Several of the Team's attorneys bring extensive experience from their previous service as regulatory board members and counsel to regulators, and from service as business executives in regulated organizations. With the benefit of these backgrounds and their relationships with Florida and federal regulatory personnel, Government and Regulatory Team attorneys enjoy leading roles on matters of important public interest. The Government and Regulatory Team works closely with the Firm's other teams to bring regulatory expertise and contacts to assist clients in achieving their objectives in transactional, restructuring and dispute resolution practices. Through their wealth of experience and relationships, the Government and Regulatory Team delivers cost effective, practical solutions to regulatory matters.

The Government and Regulatory Team has experience in several practice areas including:

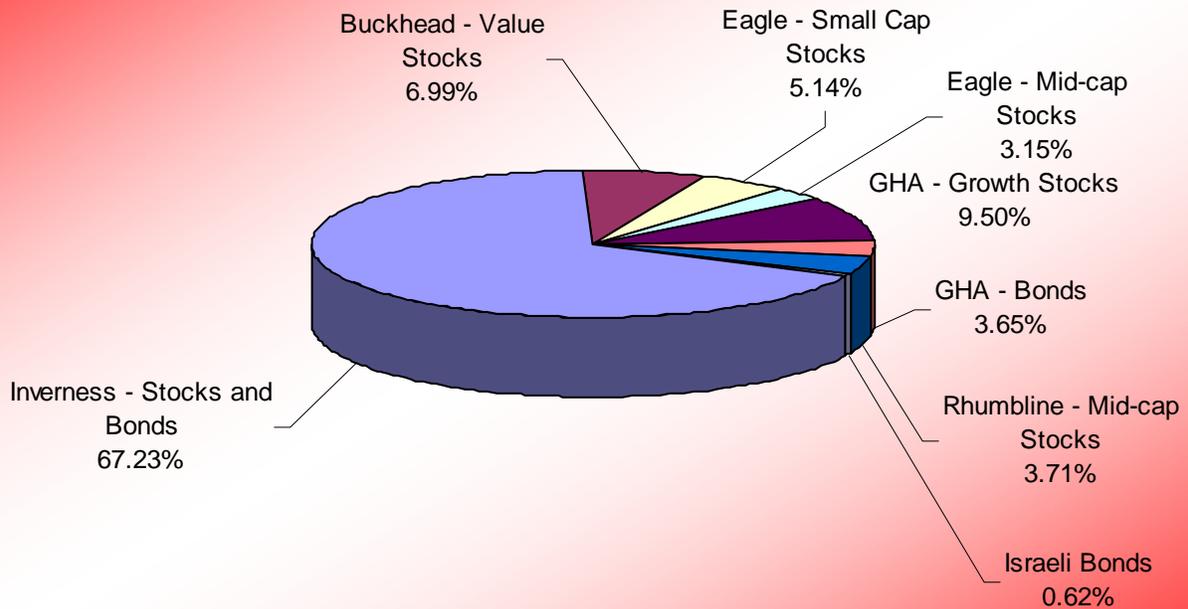
- [Administrative Hearings and Appeals](#)
- [Government Disputes](#)
- [State and Local Government Law](#)

Track The Fund!

Plan Asset Allocation as of September 30, 2011



Division of Assets by Manager as of September 30, 2011



FLORIDA'S SPECIAL RISK POPULATION DIES ALMOST TWELVE YEARS EARLIER THAN GENERAL POPULATION

Brevard County, Florida Sheriff J.R. "Jack" Parker has conducted a Florida Mortality Study, comparing the mortality of Florida law enforcement and corrections officers to the Florida population in general. During the 2011 legislative session, changes made to the Florida Retirement System extended by five years both the age and years of service necessary to retire for members of the special risk class, which includes law enforcement and corrections officers. The stated justification for the change was assumption that special risk class members are living longer and now have life spans similar to those of the general population. This assumption was derived without benefit of conducting any studies in the State of Florida. In addition, the assumption directly conflicts with well-established medical theory and other scientifically-conducted longitudinal studies regarding lifespan of law enforcement officers. To verify whether there is a lifespan difference between law enforcement and corrections special risk class members and that of the general population in Florida, data were derived from FRS and the Florida Department of Health. The comprehensive data were analyzed and compiled to establish an accurate "average age at death" comparison between FRS special risk members and the State of Florida general population. Actual death rates between the two groups were compared during the most recent decade, beginning in the year 2000 and ending in 2009. Determination was made that average age at death for FRS special risk class members assigned to law enforcement and corrections duties was 62.4 years, while the average age of death for Florida's general population was 11.8 years longer at 74.2 years, a lifespan of almost 20% greater. The report clearly demonstrates that FRS special risk class members assigned to law enforcement and corrections duties do not enjoy a similar lifespan compared to the population they serve, and the 2011 changes to FRS requiring officers to work to age 60 were based on an invalid assumption. Thereupon, Sheriff Parker requests the Florida Legislature to pass a bill this session returning special risk members in FRS to the appropriate special risk retirement date of age of 55 or 25 years of service. Further, those FRS special risk members hired on or after July 1, 2011 should be retroactively included in the legislative change.

Retiree Corner

Congratulations to our latest (hopefully not our last) DROP Member

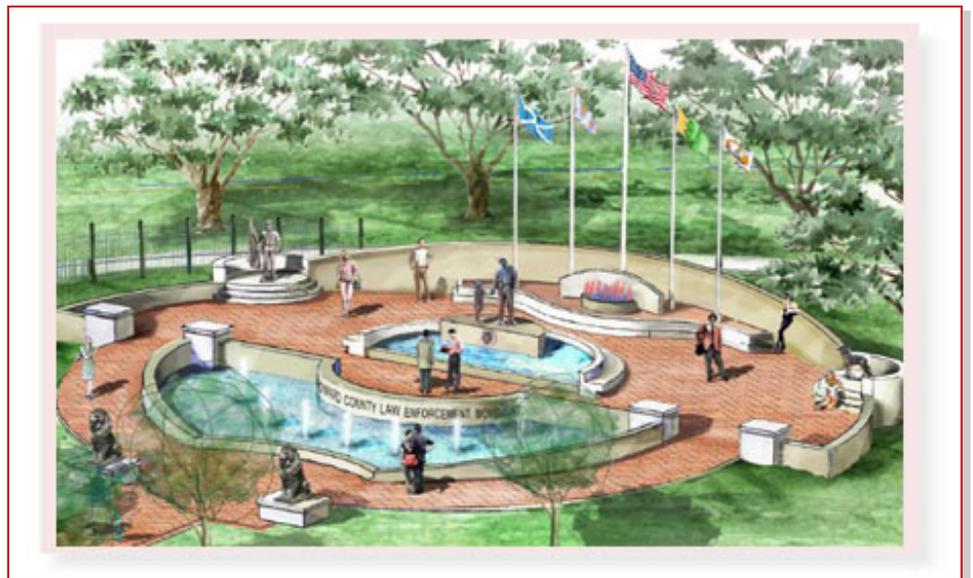
Larry Albano

09-30-2011

While this should have been an exciting time for Officer Albano, it was not. Essentially, Officer Albano retired based on age in lieu of years of service, due to the city's interpretation of the ordinance.

BROWARD POLICE MEMORIAL

The Police Honor Guard of Broward County, Florida is a not for profit multi-agency organization structured to assist Law Enforcement Agencies and the families of fallen officers who have made the ultimate sacrifice. They were established in 1990 after high demand for the assistance of police line of duty death funerals. The Multi-Agency members include many Local, State and Federal agencies that work and operate within Broward County. Our annual Police Honor Guard Academy has offered hundreds of honor guard members the training they need to conduct events from flag presentations, flag folding and full honors line of duty funerals. Officers from all over the State of Florida, the Florida Highway Patrol and the U.S. Border Patrol have attended the four day academy. The latest vision is to construct a new Law Enforcement Memorial in Broward County to pay tribute to the 62 heroes and 6 K-9's that have made the ultimate sacrifice to our community. The Broward Police Memorial Association (BPMA) is currently in the early stages of making the surviving families dreams become a reality with a larger memorial in a tranquil setting for families, friends and co-workers may pay their respect. The Memorial will be built in Markham Park in Western Broward County. The Police Honor Guard of Broward County and the Broward County Police Memorial Association will continue in our journey to see each officer and their families are never forgotten.



BILLS FILED TO CHANGE FLORIDA MUNICIPAL PLANS

To date, there have been 8 bills filed relating to public sector retirement plans. Of these, House Bill 365 by Representatives Costello and Julien and Senate Bill 910 by Senator Hays specifically relate to local pension plans. Specifically, House Bill 365/Senate Bill 910.

- ✦ amends s. 112.18, F.S. relating to disability presumptions to revise the conditions and level of proof (preponderance of evidence rather than competent evidence) that is necessary to prove that a presumption is occupationally related (inclusive of pension disability and death benefits and those benefits provided pursuant to workers' compensation claims),
- ✦ sets forth that the employee seeking the disability presumption must have been employed for at least 5 years and be less than 37 years of age,
- ✦ amends s. 175.061, F.S., requiring that a board of trustees provide a detailed accounting report of its expenses to the plan sponsor, the Department of Management Services and the members of the plan each fiscal year,
- ✦ requiring, but not limiting the report to, expenses relating to legal counsel, actuarial services, a plan administrator, and all other consultants, and including all travel and other expenses of the board members or anyone else on behalf of the plan,
- ✦ requiring that a board of trustees operate under an administrative expense budget and provide a copy of the budget to the plan sponsor and make available to the plan members a copy of the budget prior to the beginning of the fiscal year,
- ✦ requires that an amendment to the expense budget by the board must be provided to the plan sponsor and an available copy to the plan members prior to the amendment taking effect,
- ✦ amends s. 175.101 (4), F.S. and provides that when a plan sponsor elects to discontinue participation in the local pension plan program (as authorized by Chapter 175, F.S.) the imposed excise premium tax shall not be imposed on the property within the geographic boundaries of that plan sponsor,
- ✦ amends s. 175.231, F.S., and provides medical conditions or behaviors that are appropriate for consideration in denying or overcoming the presumption of accidental disabilities or death suffered in the line of duty for firefighters,
- ✦ additionally and consistent with the proposed changes to s. 112.18, F.S., changes the evidentiary standard from competent evidence to the preponderance of evidence,
- ✦ amends s. 175.351, F.S., and provides that the use of the income from the premium tax must be implemented in accordance with the collective bargaining process or the provisions of the pension plan where applicable,
- ✦ provides that when a collective bargaining agreement ends and absent a new collective bargaining agreement having been agreed to, that the pension benefits shall revert to the minimum benefits as provided in 175.162(2) (a) and that the income from the premium tax may be used as unilaterally determined by the municipality or special fire control district,
- ✦ eliminates all statutory references to "extra benefits,"
- ✦ provides that premium tax revenues allocated to the supplemental plan shall be determined by collective bargaining or the provisions of the pension plan where applicable,
- ✦ when and if a new collective bargaining is not reached, the amount of the premium tax revenues allocated to the supplemental plan shall be determined unilaterally by the municipality or special fire control district until a new agreement is reached,
- ✦ authorizes a municipality or special fire control district unilaterally to establish one or more new plans, or benefits levels based on a date of hire, if the new plan meets or exceeds the minimum benefits as prescribed by the chapter,
- ✦ authorizes a municipality or special fire control district unilaterally to elect to maintain an existing plan and join the FRS or establish a defined contribution plan for employees hired after a specified date; for those municipalities and special fire control districts using this election they are mandated to use the premium tax revenue for the current plan or benefit level, for any additional plan or benefit level, for contributions to the FRS, or for contributions to a defined contribution plan,
- ✦ amends s. 175.361, F.S. relating to plan termination and fund distribution, requires that the board of trustees in carrying out its responsibilities are subject to prior written approval of the municipality or special fire control district,
- ✦ additionally directs the Department of Management Services when effectuating a fund termination that it be in a manner having the least fiscal impact on the municipality or special fire control district,
- ✦ amends s. 185.02, F.S., and removes the statutory language which provides that overtime payments shall not be less than 300 hours,
- ✦ amends the remaining Chapter 185 provisions to be consistent with the changes to the Chapter 175 provisions within the proposed bills and provides that the Legislature determines and declares that this act fulfils an important state interest, provides an effective date of July 1, 2012.

Don't Forget To Visit Us !!!

www.hollywoodpolicepensionfund.com

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Reminder!



The Board of Trustees remind you to please take the time to update your beneficiary form!

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.

In Closing....

PLEASE REMEMBER



Throughout the year please reflect and remember those who have gone before us. While doing so, kindly remember those widows & widowers who remain.

The Board of Trustees is saddened to announce the death of James McGee (HPD Retiree—1986).

His widow, Patricia McGee and their loved ones remain in our thoughts and prayers.

SOCIAL SECURITY ANNOUNCES 3.6 PERCENT BENEFIT INCREASE FOR 2012

With the first cost-of-living adjustment since 2009, monthly Social Security and Supplemental Social Security Income benefits for more than 60 million Americans will increase 3.6 percent in 2012. The 3.6 percent COLA will begin with benefits that nearly 55 million Social Security beneficiaries receive in January 2012. Increased payments to more than 8 million SSI beneficiaries will begin on December 30, 2011. Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$110,100 from \$106,800. Of the estimated 161 million workers who will pay Social Security taxes in 2012, about 10 million will pay higher taxes as a result of the increase in the taxable maximum. The Social Security Act provides for how COLA is calculated. To read more, please visit www.socialsecurity.gov/cola.

BROWARD PBA SUES

Sun-Sentinel.com reports that Hollywood's police union has filed suit over drastic changes made to its pensions, alleging the city violated an agreement going back to 2006, and never should have put the issue to voters this September. The lawsuit, filed in Broward Circuit Court, is the first of what will likely be several challenges to legality of the pension changes, according to the Police Benevolent Association. Hollywood voters approved a referendum that slashed pension benefits for police, fire and general employees. Changes included: eliminating the Deferred Retirement Option Program (DROP), increasing the number of years officers had to work before being eligible to retire from 22 years to 25 years and reducing the multiplier to calculate pension benefits. In 2006, the union agreed to give up a portion of state premium tax money intended to fund their police pensions to the city of Hollywood. In exchange, Hollywood agreed to reduce the number of years an officer had to work before being eligible for retirement from 25 years to 22 years. The city also agreed to allow an officer to be in the DROP program for eight years. The union contends the city failed to fulfill its obligations under the 2006 bargaining agreement, in that it accepted state money but now reneged on its portion of the contract.