

# Police Pension News

A Hollywood Police Officers' Retirement System Publication

Issue 48

Date of Issue:

Fourth Quarter 2013

### Inside this issue:

Top Ten Stocks	2
Track the Fund	3
VRR v FRR	4
Retiree Corner	5
2014 Meeting Dates	6
2013 PPCC Award	7
In Closing	8

## PENSION FUND INVESTMENT SUMMARY

On September 30, 2013 our fund had a total market value of \$240,197,000. For the quarter the fund gained \$9,248,000.

For the quarter the total fund return was 3.97% (net) and its benchmark return was 3.57%.

For the quarter the stock return was 6.59% and the benchmark return was 6.65%. The bond return was 0.91% and the benchmark return was 0.52%.

For the quarter the average allocation of our fund was 58.6% invested in stocks, including real estate, 39.4% in bonds and 2.0% in cash equivalents (i.e., short term liquid interest bearing investments including money market funds and Israeli bonds). Our ongoing target for investment in stocks is 50% of the total fund.

### Fiscal Year (9/30/2012 – 9/30/2013)

For the fiscal year the total fund return was 9.95% (net) and its benchmark return was

10.20%. The stock return was 20.64% and the benchmark return was 22.38%. The bond return was -0.77% and the benchmark return was -1.17%.



For the fiscal year the Inverness large cap stock return was 21.73%, the Garcia Hamilton & Associates growth stock return was 12.26%, the Buckhead value stock return was 16.40%, the Eagle small cap stock return was 24.68% and the Rhumblin mid-cap stock index return was 27.45%. The S&P 500 index return was 19.34%.

### Calendar Year to Date (1/1/13 – 9/30/13)

For the calendar year to date the total fund return was 10.07% (net) and its benchmark return was 9.70%. The stock return was 21.00% and the benchmark return was 21.69%. The bond return was

-1.10% and the benchmark return was -1.50%.

For the calendar year-to-date the best performing sector among S&P 500 stocks was Consumer Discretionary which increased 27.7% and the worst sector was Telecommunications which increased 2.2%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 1.5% before seasonal adjustment for the twelve months ended in August. The Producer Price Index (PPI) for finished goods advanced 1.4% before seasonal adjustment for the twelve months ended in August (*September inflation was not available due to government shutdown*).

The seasonally adjusted unemployment rate was 7.2% in September down from 7.6% in June.

Real Gross Domestic Product (GDP) increased at an annual rate of 2.5% for the second quarter of 2013, compared with an increase of 1.1% in the first quarter of 2013.



The Board of Trustees wish you & your family a bright and happy holiday season.

## Total Fund Summary



Since December 31, 1992 the fund has an average rate of return of 7.52% (net) per year. For the last five years the total fund return was 7.62% (net) per year, compared to the overall combined stock and bond benchmark return of 8.17%. For the last three years the total return was 9.25%, which handily surpasses the assumption rate.

For the last five years the stock return was 9.70% and the bond return was 6.66%. For the last three years the stock return was 15.57% and bond return was 3.27%. For the year the stock return was 20.64% and bond return was -0.77%.

**With a stellar return of 6.66%, our Bond Portfolio was in the**

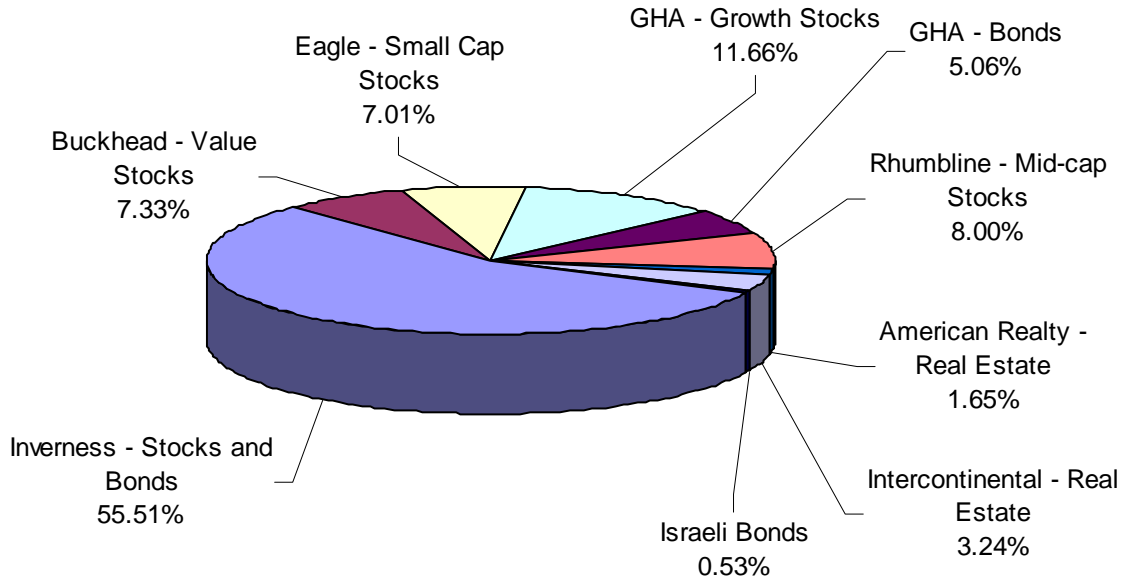
**TOP 36% of the investment universe for 5 year return!**

## Top Ten Stocks

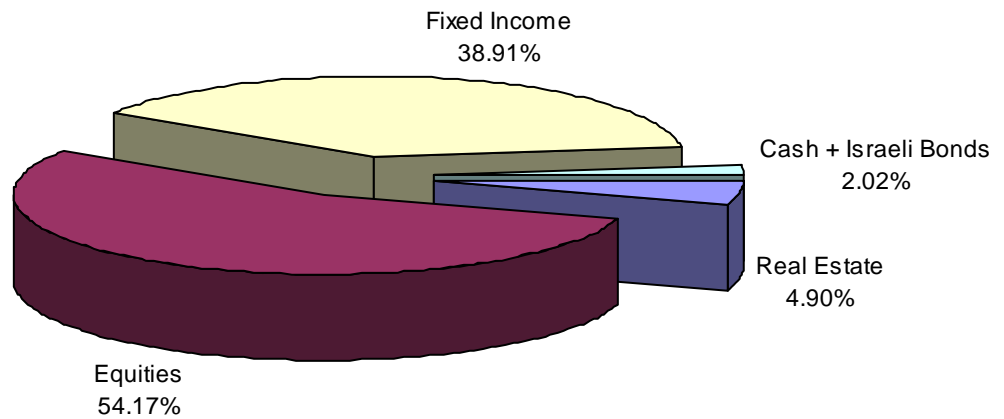
INVERNESS	GARCIA HAMILTON	EAGLE SMALL CAP	BUCKHEAD	RHUMBLINE
Gilead Sciences	Apple Inc.	Echo Star	GE	Alliance Data
Roper Industries	Walt Disney	Live Nation	Cisco	Green Mountain Coffee
Liberty Media	Coca Cola	Dana Holding	Lockheed Martin	Affiliated Managers
Liberty Global	Affiliated Managers	AerCap Holdings	Comcast	LKQ Corp.
Occidental Petroleum	Qualcomm	Barnes Group	PepsiCo	Tractor Supply Co.
Chicago Bridge	Roper Industries	Crane	ExxonMobil	Equinix Inc.
Walt Disney	Grainger	TriMas	Pfizer	Henry Schein
Google	Home Depot	Cubist Pharma.	Express Scripts	Oceaneering Int'l.
CVS-Caremark	Goldman Sachs	Cantel Medical	Blackrock	Cimarex Energy
Pioneer Nat. Res.	Cisco	Plantronics	ConocoPhillips	Hollyfrontier Corp.

# Track The Fund!

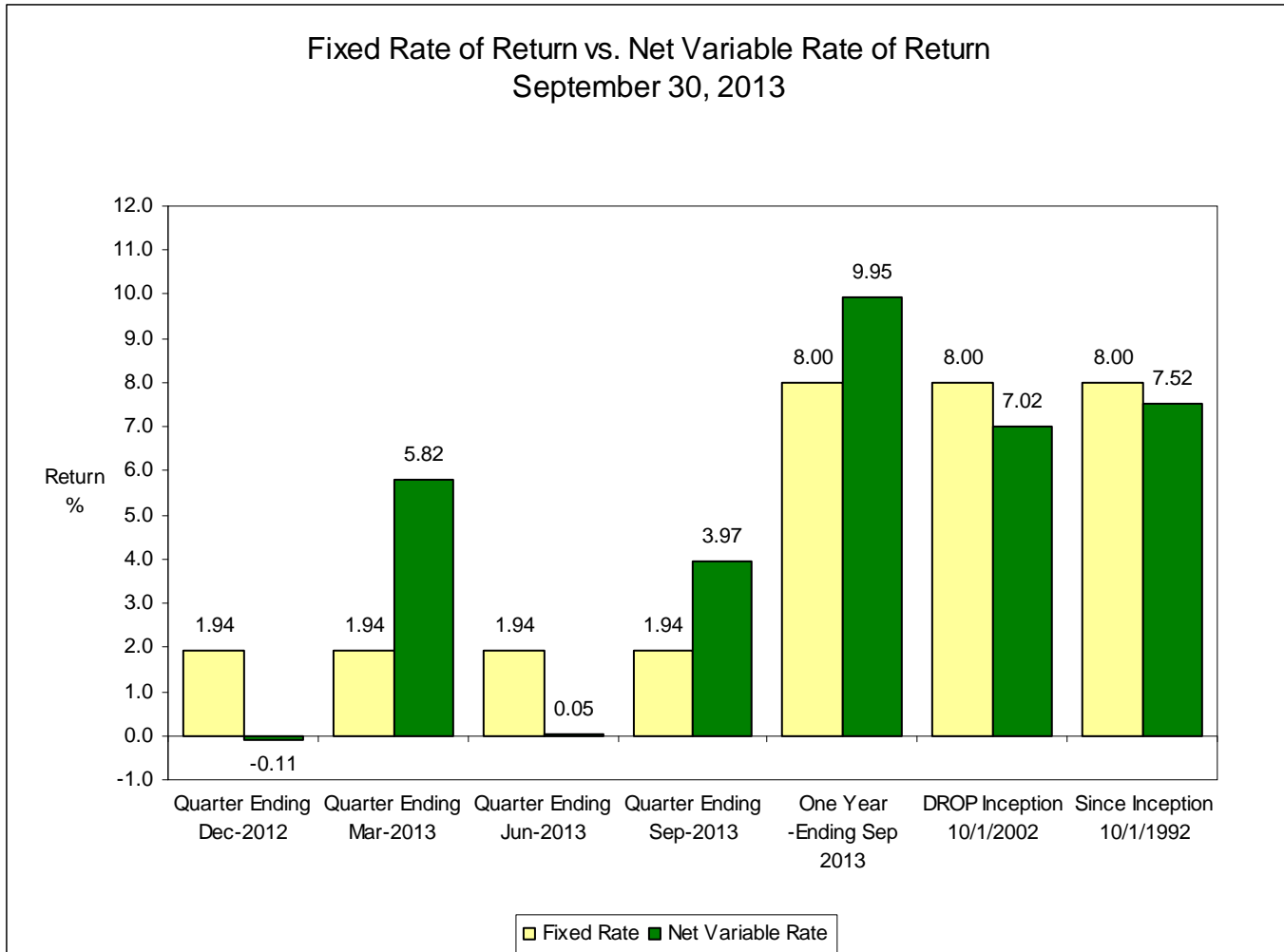
**Division of Assets by Investment Manager (including cash)  
September 30, 2013**



**Your Plan's Asset Allocation  
September 30, 2013**



# What does it all mean?



Since the Plan was gutted, the importance of this chart may not interest you. But in reality it should. The fact remains that over the long term the DROP has a negligible impact on pension costs. The updated chart compares the rate of return of the plan (VRR), to the fixed rate of return (FRR).

Prior to the *claim* of Financial Urgency and the subsequent public referendum, DROP participants made a personal selection upon entering the DROP to receive the VRR or the FRR for his/her DROP assets. DROP participants were able to alternate the rate of return applied to their account month to month, or stay with one investment return.

This chart also demonstrates that since inception, the minimum impact that the FRR has had to the Fund. For the last year, the chart exhibits how the VRR has out-paced the FRR by nearly 200 basis points. That means that if a DROP Member selected the FRR he/she received 8% interest on his/her account, and the additional interest earned becomes an actuarial gain to the plan sponsor. Essentially it means the city earned 1.95% on that DROP account. Since the earliest measurement the DROP cost was a mere 0.48%.

# Retiree Corner

*Congratulations to our latest Retirees*

**Larry Albano**

**James Hetzel**

**Roy Dean**

The Board would also like to congratulate **Derrick Austin** for his DROP entry\*\*

\*\* Member was eligible to DROP prior to the referendum of 2011

**Considering an Apple Product for the holidays?  
Visit this web site for an Employee Discount**

<http://store.apple.com/us/go/eppstore/napo>





**CITY OF HOLLYWOOD, FLORIDA**  
**POLICE OFFICERS' RETIREMENT SYSTEM**

**4205 Hollywood Boulevard, Suite 4**  
**Hollywood, Florida 33021**

Telephone: (954) 967-4395 Fax: (954) 967-4387 Toll Free: (866) 738-4776

**PUBLIC NOTICE**

**THE CITY OF HOLLYWOOD POLICE OFFICERS' RETIREMENT  
 SYSTEM BOARD OF TRUSTEES WILL BE MEETING**

<b>January 31, 2014</b>	<b>February 21, 2014</b>
<b>March 28, 2014</b>	<b>April 25, 2014</b>
<b>May 16, 2014</b>	<b>June 27, 2014</b>
<b>July 25, 2014</b>	<b>August 22, 2014</b>
<b>September 26, 2014</b>	<b>October 31, 2014</b>
<b>November 21, 2014</b>	<b>December 19, 2014</b>

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

***Dates and times are subject to change call to verify meeting***

IF ANY PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING OR HEARING, THEY WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE, THEY WILL NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE WHICH THE APPEAL IS TO BE BASED.

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATION MEDIA TECHNOLOGY, THE TYPE BEING A SPEAKER TELEPHONE. THE ACCESS POINT WILL BE THE SECOND FLOOR POLICE PENSION CONFERENCE ROOM, WITHIN THE SUN CREDIT UNION BUILDING.

PERSONS WITH DISABILITIES WHO REQUIRE REASONABLE ACCOMMODATION TO PARTICIPATE IN CITY PROGRAMS AND/OR SERVICES MAY CALL THE OFFICE OF THE CITY MANAGER FIVE BUSINESS DAYS IN ADVANCE AT 954-921-3201 (VOICE). IF AN INDIVIDUAL IS HEARING OR SPEECH IMPAIRED, PLEASE CALL 800-955-8771 (V-TDD).

IN COMPLIANCE OF STATE LAW, THE BOARD OF TRUSTEES FINDS THAT A PROPER AND LEGITIMATE PURPOSE IS SERVED WHEN MEMBERS OF THE PUBLIC HAVE BEEN GIVEN A REASONABLE OPPORTUNITY TO BE HEARD ON A MATTER BEFORE THE BOARD. THEREFORE, THE BOARD OF TRUSTEES HAVE DETERMINED AND DECLARED THAT THEY WILL ALLOT 30 MINUTES IN TOTAL FOR THIS PURPOSE; HOWEVER EACH PERSON IS LIMITED TO NO MORE THAN (3) THREE MINUTES TO COMMENT AT EACH MEETING.

**e-mail: [info@hollywoodpolicepensionfund.com](mailto:info@hollywoodpolicepensionfund.com)**



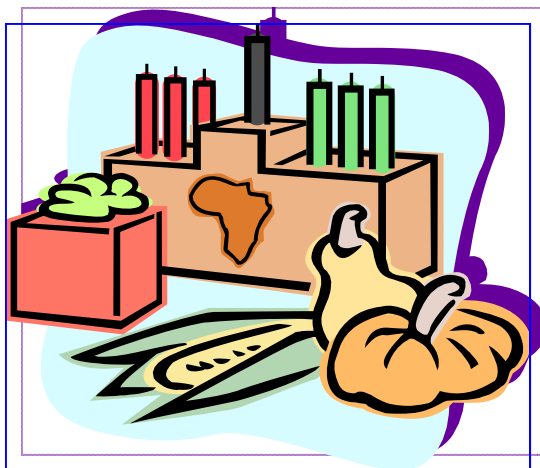
The Public Pension Coordinating Council is a coalition of three national associations that represent public retirement systems and administrators. Combined, these associations serve retirement systems that provide pension coverage for most of the nation's 16 million employees of state and local government.

The associations that form the PPCC are the National Association of State Retirement Administrators (NASRA); the National Council on Teacher Retirement (NCTR); and the National Conference on Public Employee Retirement Systems (NCPERS). Together, these associations represent more than 500 of the largest pension plans in the U.S.

The Public Pension Standards were established in 2002 to reflect minimum expectations for public retirement system management, administration, and funding. The Standards serve as a benchmark by which to measure public defined benefit plans. All public retirement systems and the state and local governments that sponsor them are encouraged to meet the standards.

Retirement systems may apply for one or both of two awards: the Recognition Award for Administration, and the Recognition Award for Funding. To receive the Recognition Award for Administration, the retirement system must certify that it meets the requirements in five areas of assessment highlighted.

This is the 7th year the Fund has received this prestigious. Sadly, due to the public referendum in 2011, we no longer comply for Administration Award.



*Don't Forget To Visit Us !!!*  
[www.hollywoodpolicepensionfund.com](http://www.hollywoodpolicepensionfund.com)

THE BOARD OF TRUSTEES  
David Strauss, Chairman - CPPT  
Cathy Marano, Secretary - CPPT  
Paul Laskowski, Trustee - CPPT  
Van Szeto, Trustee - CPPT  
Christopher O'Brien, Trustee - CPPT  
Richard Brickman, Trustee  
Larry Wiener, Trustee

Office & Mailing Address  
4205 Hollywood Blvd., Suite 4  
Hollywood, Florida 33021

Phone: 954.967.4395

*Out of town? - Please Call Toll Free: 866.738.4776*

Fax: 954.967.4387

**PLEASE TAKE THE TIME TO COMPLETE  
AND/OR UPDATE YOUR BENEFICIARY  
FORM.....**

**PROTECT YOUR LOVED ONES SHOULD  
TRAGEDY STRIKE!**

### *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....**

### **In Memoriam**



Let us remember those who recently passed. Keep them and their family in your thoughts & prayers.

Betty Hoisington, (Spouse of Larry Hoisington) 11/01/2013

Ruth C. Sandelier (Spouse of Tony Sandelier) 11/06/2013

Ellery Wilson 11/16/2013

### **Supplemental Distribution**

Information regarding a supplemental distribution for 2014 will be forthcoming. The Fund did surpass the benchmark for the fiscal year to trigger a 13th check.

Believe it or not, the city is appealing the 2013 distribution to the state, so stay tuned.....

### **Stay in the loop**



The Board knows that you all lead busy lives, and do not have time to come to our meetings. In order to be transparent and keep you advised of Fund activity, Board minutes are being posted to our web site. So when you have the time stay in the loop and review the minutes on-line at your leisure.

### **Electing the Planned Retirement Benefit Option**

To participate in the PRB you must make a written election no later than 60 days after reaching your normal retirement date. You are eligible for normal retirement beginning the first of the month after:

**If you had 10 or more years of service on September 30, 2011 (vested), the earlier of**

Reaching 22 years of credited service, and/  
or Reaching age 50.

**If you had less than 10 years of service on September 30, 2011 (non-vested), the earlier of**

Reaching age 52 with 25 years of credited service, or

Reaching age 55 with 10 years of credited service, and

Your written election to participate in the PRB will indicate the maximum number of years you may participate in the PRB and your latest employment termination date. The Office of Retirement is the location to file.

***DO NOT MISS THE DEADLINE***