Police Pension News

A Hollywood Police Officers' Retirement System Publication

Issue 34

Date of Issue:

Second Quarter 2010

Highlights in this issue

Respect
Honor
Remember

ALEX DEL RIO

Police Officer

End of Watch:

November 22, 2008

National LEO Memorial

Panel: 15-E: 26

PENSION FUND INVESTMENT SUMMARY

On March 31, 2010 our fund had a total market value of $203,719,000.

For the quarter the fund gained $6,122,000. For the quarter the total fund return was 3.17% (net) and its benchmark return was 3.82%. In the previous quarter the fund return was 3.21%.

For the quarter ending March 31, 2010, the stock return was 4.71% and the benchmark return was 6.02%. The bond return was 1.95% and the benchmark return was 1.55%.

For the quarter the average allocation of our fund was 52.1% invested in stocks, 43.0% in bonds and 4.9% 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.

For the fiscal year to date the total fund return was 6.49% (net) and its benchmark return was 6.96%. The stock return was 11.04% and the benchmark return was 12.36%. The Inverness bond return was 2.40% and the benchmark return was 1.59%.

Trustees' Szeto, Laskowski & Strauss at the Financial District near Wall Street.

For the fiscal year to date the Inverness large cap stock return was 10.49%, the Davis, Hamilton, & Jackson growth stock return was 10.38%, the Buckhead value stock return was 10.31%, the Eagle small cap stock return was 9.81%, the Eagle mid-cap stock return was 11.73% and the Rhumbline mid-cap stock index return was 15.04%. The S&P 500 index return was 11.75%.

For the quarter the best performing sector among S&P 500 stocks is Industrials which increased 12.45% and the worst sector is Telecommunications which decreased 5.66%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 2.3% for the twelve months which ended in March. The Producer Price Index (PPI) for finished goods advanced 6.0% (unadjusted) for twelve-month period ended in March.

The seasonally adjusted unemployment rate was 9.7% in March compared to 10.0% in December.

Real Gross Domestic Product (GDP) increased at an annual rate of 5.6% for the fourth quarter of 2009, compared with an increase of 2.2% in the third quarter.

During the first quarter of 2010 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.

Total Fund Summary

Long Term

Since September 30, 1992 the fund has an average rate of return of 7.29% (net) per year. For the last five years the total fund averaged 4.34% (net) per year, which out-performed the overall combined stock and bond benchmark return of 3.83%. For the last five years stocks averaged 4.03% and the benchmark averaged 2.46%. Bonds averaged 5.96% and the benchmark averaged 5.17%. For the last three years stocks have an average return of -1.46% and bonds averaged 7.10%. For the last year stocks averaged 45.88% and bonds averaged 10.71%.

TOP 10 STOCKS

INVERNESS	DHJ	EAGLE SMALL CAP	EAGLE MID-CAP	BUCKHEAD
Cisco	Apple Inc.	Rock-Tenn	DISH Network	AT&T
Corning	Microsoft	Quest Software	Fiserv Inc.	Exxon Mobil
Roper	Danaher	Universal Corp.	Owens-Illinois	Bank of America
Union Pacific	Cisco	Lincare Holdings	Leucadia National	Comcast
Home Depot	Wal-Mart	EnerSys Inc.	Rock-Tenn	Allstate
JP Morgan Chase	IBM	Wolverine Worldwide	Whiting Petroleum	Procter & Gamble
ABB LTD.	Apache Corp.	Interval Leisure.	Liberty Media	Pfizer
Teva Pharma.	JP Morgan Chase	FEI Co.	Intercontinental Exch.	JP Morgan Chase
ConocoPhillips	Nike Inc.	First Citizens Banc.	Northern Trust	ConocoPhillips
URS Corp.	Roper Industries	John Wiley & Sons	IHS Inc. (CL A)	Annaly Capital

National Law Enforcement Memorial

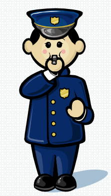
This is the final segment of this homage to our fallen officers. The Board of Trustees would like to honor the memory of Hollywood Police Officer Alex Del Rio who adorns our cover page.

The officer's name, rank and date of death is highlighted, as well as his panel location at the National Law Enforcement Memorial. Further details about Officer Del Rio may be viewed at anytime by visiting the police pension web site. A memorial page has been established in his memory.

Details of the National Law Enforcement Memorial may be viewed by visiting National Law Enforcement Memorial www.nleomf.org.

Related articles are also included in this publication as well.

Retiree Corner



Congratulations to our latest DROP Members

Thomas Demmery

03-09-2010

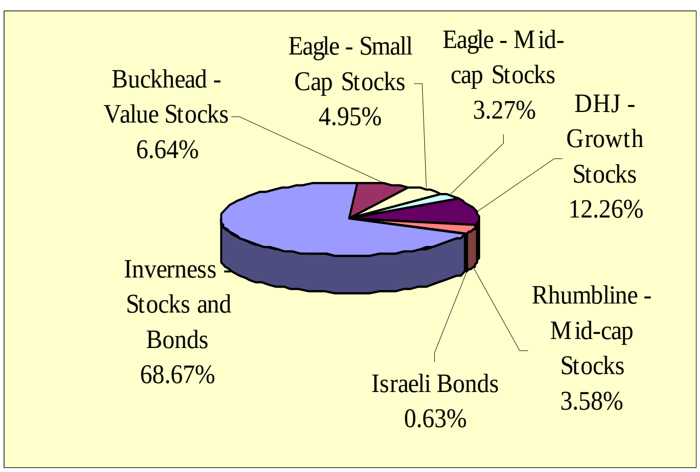
Daniel Dunn

05-22-2010

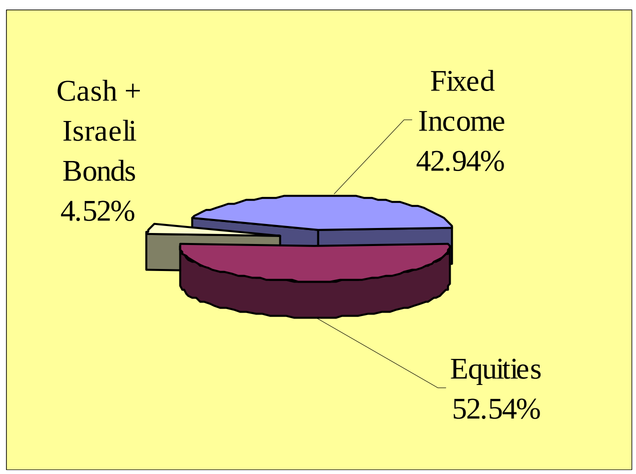
Tomas Sanchez

05-27-2010

Division of Assets by Manager as of March 31, 2010



Plan Asset Allocation as of March 31, 2010



Carved on These Walls ...

The National Law Enforcement Officers Memorial is the nation's monument to law enforcement officers who have died in the line of duty. Dedicated on October 15, 1991, the Memorial honors federal, state and local law enforcement officers who have made the ultimate sacrifice for the safety and protection of our nation and its people.

Under each of the Memorial's four lion statues are inspiring quotes (noted below) that capture the spirit of the heroic men and women who are honored

The Memorial features two curving, 304-foot-long blue-gray marble walls. Carved on these walls are the names of more than 18,600 officers who have been killed in the line of duty throughout U.S. history, dating back to the first known death in 1792. Unlike many other memorials in Washington, DC, the National Law Enforcement Officers Memorial is ever-changing: new names of fallen officers are added to the monument each spring, in conjunction with National Police Week.

Designed by architect Davis Buckley, the Memorial sits on three acres of federal park land in an area of Washington, DC, called Judiciary Square, the historic seat of our nation's judicial branch of government. The Memorial grounds boast plush carpets of grass, nearly 60,000 plants and 128 trees. Each April, more than 10,000 daffodils bloom at the site, providing a burst of color for visitors. The Memorial's central plaza features an intricate paving pattern and a bronze medallion with the NLEOMF logo: a blue shield with a red rose draped across it.

> "In valor there is hope."
> —*Tacitus*

Bordering the Memorial's beautifully landscaped park are the two tree-lined "pathways of remembrance" where the names of the fallen officers are engraved. Each of the pathway entrances is adorned with a powerful statuary grouping of an adult lion protecting its cubs. Sculpted by Raymond Kaskey, the bronze statues symbolize the protective role of law enforcement officers and convey the strength, courage and valor that are hallmarks of those who serve and protect.

> "It is not how these officers died that made them heroes, it is how they lived."

The Memorial's beauty and tranquility make it a special place for reflection, contemplation or just a quiet moment away from the hustle and bustle of city life.

> "Carved on these walls is the story of America, of a continuing quest to preserve both democracy and decency, and to protect a national treasure that we call the American dream."
>
> —*President George H.W. Bush*

The NLEOMF conducts a variety of programs and events each year to honor those law enforcement officers who have made the ultimate sacrifice and to increase public support for the law enforcement profession. The Memorial Fund (along with Concerns of Police Survivors, the Fraternal Order of Police and the FOP Auxiliary) is a principal organizer of National Police Week, the annual tribute to law enforcement service and sacrifice that is held each May in Washington, DC. The National Law Enforcement Officers Memorial is a focal point of the National Police Week observance in Washington, DC: NLEOMF hosts both formal ceremonies such as the annual Candlelight Vigil each May 13th and impromptu, individual tributes to American fallen heroes of law enforcement.

Other events include the annual Wreath laying ceremony to mark the Memorial's dedication on October 15, 1991; an Engraving Day each April to kick off the solemn ritual of adding new names to the Memorial; and various special events for honored guests and notable anniversary dates, such as September 11th.

The Memorial is open 24 hours a day, 365 days a year, and there is no charge to visit. The site is staffed during regular business hours.

BROWARD PBA MEMORIAL WALL

In recent months, the Broward County Police Benevolent Association envisioned & launched a project to honor the fallen officers who were killed in the line of duty in Broward County.

The canvas for this memorial is the front lobby of the Police Benevolent Association's Main Office. Artist **Stephen H. Williams**, (son of retired Lt. Dave Williams, Sunrise P.D. & more notably our Plan Administrator) volunteered to commission this project. Stephen's vision was to transcend the "spirit" of the National Memorial, within the lobby of the PBA. An adult lion centers the piece, as if he stands guard over the fallen officers, whose names adorn the wall. The lion appears ready to shield the fallen protectors.

Positioned in front of the memorial wall is a bronze miniature reproduction of the "Officer Down" Memorial located at the Florida State Capitol Plaza. The "Officer Down" Memorial was commissioned by the Florida, Dade, Broward and Palm Beach Police Benevolent Association and was dedicated on March 9, 2009.

Stephen sees the memorial as a symbol of honor & respect to all who wear the badge. Finally, Stephen hopes that he painted the last name needed on the wall.

Great Job Stephen, we are all proud of you!

STOCK HIGHLIGHTS

Dolan Media Company (Ticker: DM)

Sector: Consumer Discretionary

Industry: Publishing

Market Capitalization: $338 Million

Comments: Dolan Media provides business information and professional services to the legal, financial, and real estate industries across the United States. The company is a leading provider of mortgage default processing services. Additionally, DM has operations in business journal, court, and commercial publishing, and it is one of the largest carriers of public notices in the United States. DM's shares have been pressured as investors, believing that the rate of foreclosures will slow due to federal and local government intervention, have discounted the future value of the company's mortgage default processing business. However, early evidence indicates that government involvement will only delay rather than solve the problem and that a new wave of foreclosures is building. DM's other businesses are performing well, the company is taking market share, management's disciplined acquisition strategy is helping to further diversify operations, and scale efficiencies are driving significant gains in margins. Trading at low valuations and offering a 14% free cash flow yield, we believe shares of DM have substantial upside from current levels. Average cost in the portfolio: $10.41, currently trading at $11.24.

ITT Corporation (Ticker = ITT)

Sector: Industrials

Industry: Aerospace/Defense

Market Capitalization: $10.4 Billion

ITT Corporation is a $10 billion market cap multi-industry company serving the Defense, Fluid Technology, and Motion & Flow Control markets. ITT's defense business provides a wide range of services to the U.S. military including the manufacturing of military radios, night vision goggles, and radio frequency jammers. The company is also the world's largest manufacturer of industrial pumps and is poised to participate in the growing global demand for safe and clean water resources. ITT is well run and generates very strong returns on capital. We believe that market is currently focused on ITT's defense business and under-valuing its other assets. Either through the company's increased investment in its non-defense business, or through a strategic redeployment of capital, we expect that investor perception of ITT's prospects will improve over time. The stock was added to the portfolio at a price of $53.04 and has a current price of $57.03.

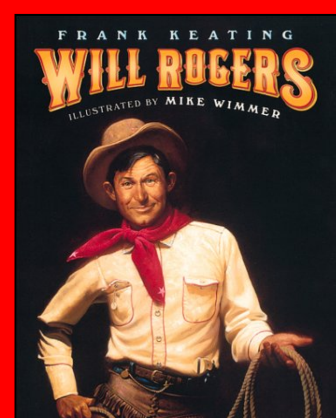
Welcome New Pension Members!

Michael Ferrani

Ramiro Valdes

We all wish you all continued success!

PONDER THIS



The quickest way to double your money is to fold it and put it back into your pocket.

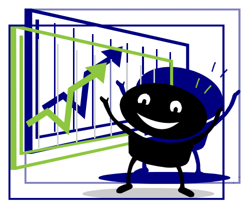
Buckhead Capital Management, LLC

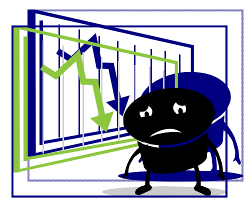
Quarterly Market Commentary-First Quarter 2010

Corporate reports of strong fourth quarter earnings and optimistic outlooks for 2010, along with signs of increased consumer spending, led the equity market higher in the first quarter. After faltering in January and early February on concerns about the ability of the European Union to manage the Greek debt crisis, the market rebounded on indications that the problem was not spreading to other over-leveraged European economies (Spain, Portugal, Ireland). For the first quarter, the S&P 500 rose 5.4% while the NASDAQ Composite Index gained 5.9%. Smaller stocks did better than larger ones in the quarter, with the Russell 2000 Index gaining 8.9%. (All returns are total returns, reflecting both price changes and the reinvestment of dividends.)

In contrast to the prior quarter, value stocks significantly outperformed growth stocks. The S&P 500 / Citigroup Value Index returned 7.1% in the quarter, while the S&P 500 / Citigroup Growth Index gained 3.7%. The following table shows the best and worst performing sectors in the S&P 500 for the first quarter.

1st Quarter 2010	
Best Performing	
Industrials	+13.0%
Financials	+11.1%
Consumer Discretionary	+10.4%
Worst Performing	
Telecommunications	-4.3%
Utilities	-3.6%
Energy	+0.6%





The Federal Reserve continued its very accommodative monetary policy, keeping its short-term interest rate target at 0.0 - 0.25% and continuing its purchases of Treasury bonds and mortgage-backed securities in the open market. The ten-year Treasury ended the quarter where it started, at a yield of 3.8%. Other areas of the bond market provided much stronger returns as investors sought to find higher yields and pushed spreads down. The Barclays Government / Corporate Index returned 1.6% in the quarter, while both investment grade and below-investment grade bond issuance was strong.

Overall, commodity prices were down in the quarter. Oil prices gained 5.5% in the quarter and closed at $83.76 per barrel. However, natural gas prices fell 34% to close the quarter at $3.71 per MCF, as investors continued to expect much higher levels of shale gas production. The U.S. dollar gained 6% against the Euro, which was hurt by investor concerns about the financial condition of Greece and other heavily indebted European countries, and held its own against other major currencies.

Governments and central banks around the world began to take the first steps toward withdrawing some of the economic stimulus that has been provided over the last two years. China, which had stopped the appreciation of the Yuan against the dollar in mid 2008 in order to protect its export sector, tightened bank lending standards to cool an inflationary burst in prices.

Please continue to page 19 of this publication for the conclusion

What about the Rate of Return?

The chart below compares the rate of return of the plan exhibited as the (VRR) to the fixed rate of return of the plan exhibited as the (FRR). This is a very important chart because it displays how well the plan investment return was in comparison to the guaranteed rate of return for our DROP members.

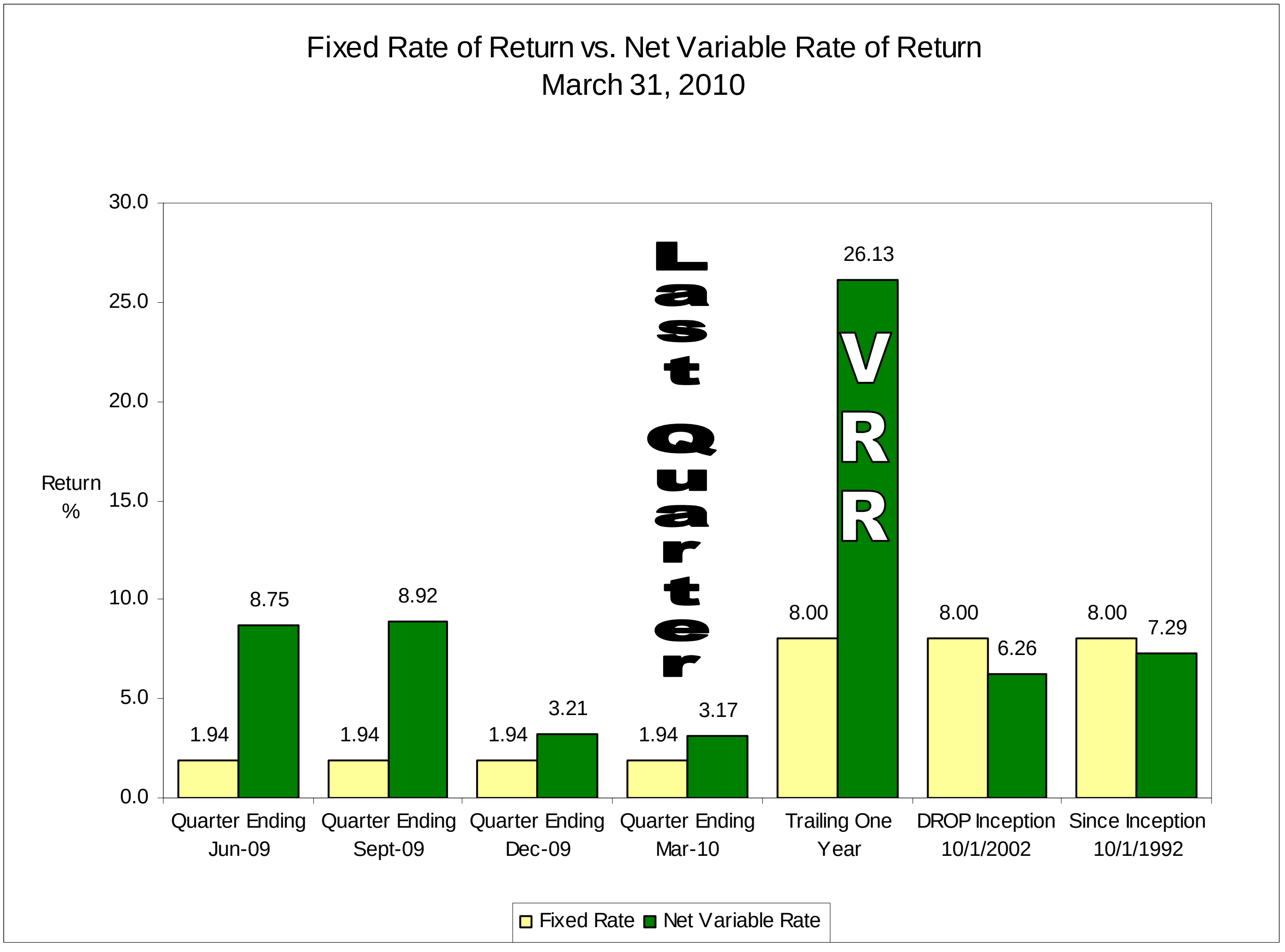
The good news is over the last four quarters as outlined, the plan investment return far exceeded the guaranteed rate of return. While on the longer term, the FRR has beat the VRR, it has done so by only **.71%.**

To recap, each DROP participant makes a personal selection upon entering the DROP to receive the VRR or the FRR for his/her DROP assets. DROP participants may alternate the rate of return applied to his/her account month to month, or stay with one investment return.

DROP participants are advised to speak to a qualified financial advisor to assist them with this important decision.

The Board of Trustees have weathered this financial storm and have stayed the course and will remain on course.

The Board of Trustees would like to thank all of our investment professionals.



CPPT CEU Wall Street

Trustees recently attended the 10th Annual CPPT (Certified Public Pension Trustees') Continuing Education Wall Street Program sponsored by the Florida Public Pension Trustees Association.

The program is limited to just 35 Trustees, who must be certified to attend. The Trustees received several days of hands-on investment training from one of the big brokerage houses BNY ConvergEx Group to the selling floor of the New York Stock Exchange. The training received allows the Trustee to maintain the CPPT accreditation distinction.

Picture L-R: Trustees at BNY ConvergEx Group learning about active investment trading.

Trustees touring the New York Stock Exchange.

Pictured above, Trustees met with BOB PISANI, CNBC "On-Air Stocks" Editor. Bob has reported on Wall Street and the stock market from the floor of the New York Stock Exchange for nearly a decade.

EAGLE Mid Cap Core - First Quarter 2010 Investment Review

Market Overview

It appears very little worked in the small- and mid-cap space for the first quarter except for small size and low quality, according to Bank of America-Merrill Lynch analysis. Stock-price moves for low-return-on-equity (ROE), low- price and low market cap dominated first-quarter performance.

One possible explanation may be due to the increasing popularity in exchange-traded funds, or ETFs. According to the Investment Company Institute (ICI), there was approximately $290 billion in passive ETFs vs. $10 trillion in actively managed mutual funds as of January 2009. As of February 2010, there are $420 billion in ETF assets. Further, net flows – with the exception of two months – have been positive for ETFs (or higher when there were negative flows to ETFs and traditional mutual funds) whereas actively managed mutual funds have seen negative flows (more money going out than in).

Related ETF Article on Page 19 of this publication

This trend has consequences on short-term stock behavior. The relative weights of stocks in many ETFs may be substantively different than the relative weights of those same stocks in established benchmark indices. For instance, a stock that has a 1 percent weight in an S&P index may have a 10 percent weight in an ETF. The movement of money from one vehicle where a stock has a modest weighting to another vehicle where it has a substantive weighting affects short-term investor behavior. We believe this complexity may account for outsized returns in some individual stocks and in stocks that historically haven't received much trading volume, such as low-priced, low-quality stocks. This can be evidenced by the 8 percent return for both the Russell Microcap and Russell 2000 indices during December when many managers temporarily buy ETFs after tax-related selling.

To illustrate this difference in index weights and ETF weights, consider one position in the Invesco Power Shares Water Resources Portfolio, a water-themed ETF that has been popular recently. Engineering firm URS makes up 5.28 percent of the ETF; however, it's only 0.003 percent of the Russell 3000 Index. Consequently, any money that flows into that ETF represents new investment in the component companies at 2,000- 3,000 times its rate in the index!

We believe a push from the U.S. Department of Labor, through its interpretation of the Pension Act of 2006, may help fuel ETF growth. Further, 401(k) plan sponsors are starting to offer ETFs on their platform. The good news, though, is that we believe this "ETF effect" will eventually wane as the amount of money into ETFs grows and the behavior of the marginal investor, in this case the ETF investor, will matter less and less and as the popularity of ETF's grows.

In the meantime, we have not changed – and will not change – our fundamental investing philosophy in response to the low-quality phenomenon. We do own slightly fewer names because, in our view, the opportunities in stable, high-ROE stocks is becoming more glaring; consequently, we are taking advantage of this anomaly by putting more weight on our highest-quality names.

Portfolio Review[1,2]

Eagle Mid Core portfolios underperformed the Russell Midcap Index, which we are not happy about but would expect given the continued success of low-quality, small stocks: the ones we generally eschew. Utilities and consumer staples were relative contributors while financials and consumer discretionary were laggards.

In utilities, we outperformed the benchmark in a sector that lagged the Russell Midcap index. ITC Holdings, our only utility, outperformed the utilities space after the company met earnings expectations and maintained strong guidance for the year. ITC has done well recently because it is one of the few utilities that had invested money in its power grid and now stands to benefit from the upgrade to extra-high-voltage capacity.

Consumer staples was propelled by a large holding of Dr. Pepper Snapple Group, which was up after the company reported it will enjoy a favorable renegotiation of its distribution agreements with Coca-Cola following the takeover of Coca-Cola Enterprises. This is on the heels of receiving $900 million from Pepsi for similar negotiations, of which more than $400 million was used to pay down debt. The company has shown a strong incentive to return cash to shareholders when it filed a notice giving itself the authority to possibly repurchase up to $1 billion in shares this year. Household products were also a contributor this month. We sold Church and Dwight after its stock price rose on analysts' estimates for low double-digit earnings growth.

Financials were weaker due primarily to the insurance and financial services industries. Allied World Assurance was down slightly even after reporting better-than-expected earnings. The company has done a good job, in our view, of over-reserving for losses and has had a steady stream of releasing reserves. CME Group traded lower as fears of bank reform seemed like they might chase markets away due to new restrictions. These fears seemed overdone to us but we sold the stock after it began to take on a premium valuation to its peers.

The sector consumer discretionary was also a source of underperformance. We were hurt by media and consumer services stocks. In media, Grupo Televisa traded lower after reporting weaker-than-expected profit margins from the cable space where the company was spending money to increase sales of bundled cable, telephone and internet service. In consumer services, H&R Block announced in February that its tax-preparation division was displaying disappointing results for the early portion of the tax season and the company likely would not reach its previously announced earnings guidance range.

Contributors

Airgas was our top contributor. Airgas was the subject of a hostile takeover bid by Air Products and Chemicals, which had been rebuffed in private negotiations before taking its offer for Airgas public Feb. 5. Airgas is currently the largest U.S. industrial-gases distributor and the combined company would be the third-largest in the world. Air Products likely will have to fight a proxy battle and we took the opportunity to sell our position.

Liberty Interactive is a new holding that was trading at what we viewed as an attractive valuation in spite of its high profit margins and investments. The stock increased when it became apparent to the market that some of its investments would be monetized sooner than expected. There was a tender offer for Live Nation shares by the sister company Liberty Capital, moving some cash and debt from Liberty Capital to Liberty Interactive. Liberty Interactive also beat earnings expectations, driven by revenue growth at QVC. Dr. Pepper Snapple.

Detractors

H&R Block announced in February that its tax-preparation division was showing disappointing results for the early portion of the tax season; consequently, the company said it's not likely to reach its previously announced earnings guidance. The slow season primarily is due to a decline in software sales and losing market share to Intuit's Turbo Tax. We sold the stock following management's failure to re-establish a new guidance range for this year or give any plans for offsetting the problems.

Western Union hurt performance after it gave below-consensus estimates for the upcoming year. Management took a cautious position since so much of its business is tied to employment levels. We sold the stock because we believe the company will have earnings problems for more than a year since its profit margins have been compressed.

FTI Consulting, a business-advisory firm, traded lower after reporting weaker-than-expected corporate-finance and restructuring results and issuing its 2010 earnings guidance. Investors appear to be worried about how a move from recession to recovery will affect FTI's revenues. We continue to hold the stock because we believe there will remain a demand for company restructuring in the recovering economy; further, the company remains authorized to buy back $250 million of its stock.

Recent Transactions[1]

Buys **-** Wabco Holdings is a leading supplier of safety and control systems (e.g., anti-lock braking and stability-control systems, transmission automation) for a variety of vehicles. Those components are designed to improve the efficiency and service life of commercial vehicles while reducing overall vehicle operating costs, which we believe will be an ongoing focus for companies even in a recovering economy. Furthermore, we like the company due to their strong commitment to cost containment.

Please continue to next page…………………..

EAGLE Mid Cap Core - First Quarter 2010 Investment Review Con't

Rovi manufactures products that allow consumers to interact with digital entertainment products, such as onscreen television guides. Before we purchased the stock, Rovi's acquisition of Gemstar included business assets that were not integral to its portfolio including TV Guide magazine. That sale generated a large ordinary loss for tax purposes but required an IRS ruling to verify the ordinary-loss status. After we purchased the stock, Rovi announced a positive ruling that it received $2.4 billion worth of net operating losses. Some analysts have estimated Rovi will not pay U.S. federal taxes for a decade.

We bought Hasbro because it recently has begun to distinguish itself from other toymakers. The company is pursuing a strategy of increasing the licensing of its brands, including a joint venture with Discovery Communications (another stock we own) to develop a channel named "The Hub" to showcase its intellectual property. The company generates more than enough cash to pay its dividend, and has recently begun buying shares back. Finally, it issued positive guidance for sales and earnings in 2010.

Sales

We sold Covidien, which specializes in medical devices and supplies, because it grew out of our market-cap range. We bought the stock last summer when it was trading at a very cheap multiple.

Ansys reached what we viewed as a premium valuation following the release of its earnings. We sold it after we believe it became fairly valued on a risk/reward basis.

We sold EXCO Resources after it began to take on a premium valuation to its peers. The company cut back $1.8 billion in debt in 2009 but its cash flow was slightly below consensus this most recent quarter due to increased operating costs. The company guided cash flow and earnings per share lower for the year on lowered production guidance and we thought it best to eliminate the position on that news.

Outlook

The continued outperformance of low-quality stocks puzzles us. It could be the ETF-related issues discussed above. Perhaps the economic recovery is going to be much stronger than we believe. Housing – usually the first sector to go into a recession and the first one to come out – remains a question mark. We have long argued that it's unlikely for the economy to have a quick snap-back without a substantial rebound in housing. However, housing starts remain at historically low levels.

Bulls might argue that since housing is currently only 2.5 percent of current gross domestic product (GDP), its health doesn't matter much for future growth. Many of those same bulls argued that a housing bust wouldn't take us into a recession when housing was 6 percent of GDP. Bulls may argue further that the economy is flexible and resources will shift to other uses. We would counter that people may not be able to move quite as easily since many could be tied to an underwater mortgage.

We believe the domestic economy will see modest growth. Macroeconomic risk – due to the consumer's general weakness and continued deleveraging (i.e., paying down debt) – is still high even though volatility in financial markets is low. However, any increase in volatility may cause investors to pay more attention to stable, high free-cash-flow stocks: the very type of stocks we prefer to own.

1. References to specific securities are intended to illustrate the types of securities Eagle may hold in this portfolio. They are not intended as representations of specific investment recommendations that would have been profitable to an investor. Past performance is not a guarantee of future results.
2. Source: FactSet.

Note to Reader: Besides this Mid Cap Fund, Eagle Asset also runs our Small Cap mandate. The Board is continuing to monitor these returns closely and compare them to our Mid Cap Index Fund Manager, Rhumbline.

OPEN LETTER TO ALL PERSONNEL ACTIVE AND RETIRED

Dear Family, Friends, and Co-workers of Officers Coleman, Minard, Riley, Yourman, Shivers, and Del Rio,

My name is Meredith Elrich and I have worked as a police officer with the Hollywood Police Department for the past nine years.

I am one of the six Hollywood police officers currently participating in the Police Unity Tour, a 250 mile bike ride in honor of fallen officers from the past year. This year is the first time any Hollywood police officer is participating. We are not only riding in honor of the six officers killed in 2009, but Hollywood Police Department's six fallen officers as well - Officers Coleman, Minard, Riley, Yourman, Shivers, and Del Rio.

The reason I am writing to you, is to ask for your help with a project I am undertaking. Recently, with the in the line of duty death of my friend Officer Alex Del Rio, I, along with many other officers, have desired to learn more personal information about the officers who have lost their lives in the line of duty for the Hollywood Police Department.

With the exception of Officer Del Rio, our most recent in the line of duty death, most of the officers who worked with the fallen have already left the department. This leaves us only with how they were killed, and with little to no information on how these officers lived.

Because of this, I have asked for permission from Chief Wagner to contact you so I may produce an online memory album for each of the fallen officers. I feel it is important to know more about who these officers were before they were so prematurely taken from us. The album will be made available for viewing through the hollywoodpolice.org website.

Any additional information submitted is appreciated, and will be included if possible. Funny stories and memories from on and off the job, nicknames they had for or received from people, what they were like with their family, who their friends were or what their interests were on and off the job, etc. are most welcome.

I would also appreciate any photos you may have of them that you may allow to be used in the online album. You must have permission from the owner of the photo for me to use it.

Submissions can be made by regular post mail to the police department, made to my attention, or through my work e-mail. My e-mail address is: melrich@hollywoodfl.org. E-mailed photos that are submitted should be in either .bmp or .jpeg form please. If you would like the photos that you mail to me by regular mail to be returned, please include a self-addressed stamped envelope with your submission.

Please forward this e-mail/letter to anyone you feel would like to contribute information about our fallen comrades, Officers Coleman, Minard, Riley, Yourman, Shivers, and Del Rio.

Thank you for your time and consideration in this matter.

Respectfully yours,

Officer Meredith Elrich #2851

Hollywood Police Department

3250 Hollywood Boulevard

Hollywood, FL 33021

(954) 967-4500

melrich@hollywoodfl.org

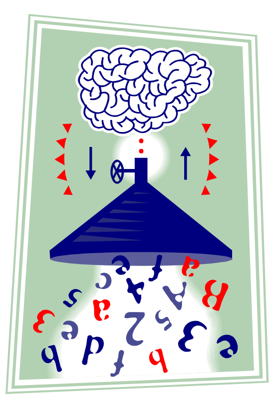
"We honor those who made the ultimate sacrifice – it is not how they died, but how they lived."

Inverness Counsel—Investment Commentary

The first three months of 2010 have witnessed the world's markets continuing to climb a wall of worry. Despite fears of soaring budget deficits, weakening sovereign finances and the potential for run-away inflation – to name a few – most of the world's indices appreciated in the first quarter of the year. The benchmark indices in the U.S. increased ~5%, though Europe, beset by sovereign issues lost ~2%. In Latin America, returns totaled ~1% while Asia continued its march higher also adding 1%. The increases all come on the back of ~65% gains from the lows in March, 2009. As always, the major determinant of asset valuation is fundamentals, and at this point in time, the fundamentals are mixed.

Creative stimulative measures put in place after the Lehman Brothers bankruptcy in September, 2008 have accomplished their goal. They stabilized the world's economies and eventually helped drive economic activity. The longer term price of those measures is discussed below. We now stand 18 months beyond the first of those measures and from our vantage point the pace of improvement has naturally slowed. As an example, a closely followed housing index of existing home sales averaged a monthly sequential improvement of 1.8% from March - December 2009. In the two months that we have data for 2010, the monthly improvement was a muted 0.2%. Similarly, housing inventories (months of existing home supply) improved by nearly 3% during the March – December 2009 time frame, yet have worsened by an average of 9% so far in 2010, effectively erasing ~6 months of improvement in the supply of existing homes. In the manufacturing sector, an index of new orders averaged a 7% sequential monthly improvement during the 2009 period, but has since retreated to a 1.6% decline (including a 10% decline in February) in the first three months of 2010.

To be sure, the economy is not weak. Retail sales are back to near all time highs (reached in July, 2008) and the closely watched Leading Economic Indicators Index continues to make new highs. Our concern though is that the economy cannot continue to grow at the pace it has during the recovery and at some point the focus will turn to 2011 earnings and the prospects for double digit growth over 2010. For that to happen, we would need to see something close to a resumption of the pace of economic growth exhibited in the second half of 2009. We are cautiously optimistic and optimistically cautious.



In the meantime, we continue to manage accounts from a bottom-up perspective. When holdings reach valuation levels that we believe are misaligned with growth prospects, we will be trimming (or outright selling) the position. For that reason, you may see more sales in your account than normally would be expected. The market has made a very good run over the last year, and is forcing us to review names at a faster than normal pace.

With regard to fixed income we have become increasingly concerned about long-term bonds. The stimulus had driven rates to 50 year lows and has more than doubled the size of the monetary base over the last year and a half. While longer rates have recovered to rates seen in 2008, we believe the level of borrowing and spending should drive considerably higher rates that have thus far been dampened by the strong stimulative growth in the monetary base. As the economy recovers we will start to see pressure on rates to rise. The government can (and has) held this increase off for a time through Fed participation in the market. However, at some point the market will reassert itself. At the least, we expect this to manifest itself in higher rates. However, the longer the government can hold off that day, the greater we expect inflation to be a major component of the rising rates. You will note our use of TIPS in recent purchases as a means to address this concern.

As always, we at Inverness thank the Board of Trustees for entrusting your assets to us and promise to remain good stewards of your capital.

Pension Bills Trump Local Collective Bargaining Agreements

The Florida PBA recently called for members to contact Tallahassee about several pension bills that were filed in this legislative session. The Bills, if approved would have gutted the collective bargaining efforts made over the last 25-30 years.

That call for support also was sent to all retired personnel. The Board of Trustees want to thank those who took the time to call and/or write Senators and State Representatives. A special thanks goes out to retired member **Bill Wynn** for getting the word out in short order.

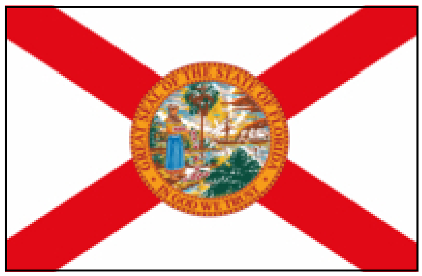
The following is one such example of that communication to Tallahassee:

Honorable Senator: I am writing to appeal to your common sense about the proposed pension changes being offered during this legislative session. As you know, in this great state we live in, we have what is called collective bargaining.

That process is between the labor organization and the local government agency. Over the last twenty five plus years, labor contracts were agreed upon between those two groups. Along the way, negotiations were fair and equitable or those contracts would have never settled.

Over those twenty five plus years, many items were given up by the rank and file in order to provide a more secure retirement. Increase in employee contributions were also made along the way as well in local plans. In short, a lot of blood sweat and tears were shed to attain a fair and equitable retirement program.

Legislation is now being introduced that essentially washes away those efforts and the concessions made by the employees over the last twenty five plus years, which were agreed upon by the local governments and the local labor organization. I implore upon you to consider the foregoing.



This legislation is nothing more than an effort by the League of Cities to circumvent the labor/management bargaining process. Please kill these bills and send a message to the loyal employees of this state that you stand beside them. What's the point of collective bargaining if it will be trumped by state? Let the cities and local governments know that changes such as the ones being proposed are to be fairly negotiated at the local level, just like they have been over the last twenty five plus years.

Response from Larry Cretul

Speaker

Thank you for your e-mail regarding bills related to public retirement plans. I appreciate the opportunity to learn of your thoughts and concerns on this issue.

These bills undergo the same review as all filed bills to determine which are the appropriate committees and councils to consider legislation. Once referred, the chair of each committee and council decides if and when to agenda the bill. After the bill passes all committees and councils which have considered the bill, it would then be available to be placed on the House Special Calendar by the Rules and Calendar Council. At that point it is debated by the House at large.

Be assured that I will keep your concerns and email in mind throughout the Legislative Session.

Thank you again for writing to me. If I may be of assistance to you in the future, please do not hesitate to contact me.

Sincerely,

Larry Cretul

Speaker

Note: According to the Florida PBA website, all local plan pension bills were killed this year. Stay tuned!

This entire report is available on-line to view and download at www.hollywoodpolicepensionfund.com

CENTER FOR STATE & LOCAL GOVERNMENT EXCELLENCE

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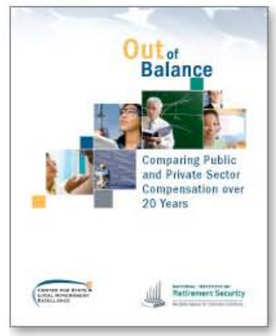
FACT SHEET
Out of Balance? Comparing Public and Private Sector Compensation Over 20 Years

Overview



The current recession and the resulting fiscal difficulties faced by state and local governments have brought a renewed interest in the compensation of public workforces—pay, pensions, and other benefits. "*Out of Balance? Comparing Public and Private Sector Compensation Over 20 Years*" examines the extent to which state and local government compensation in the United States is comparable to compensation in the private sector.

The study was commissioned by the Center for State and Local Government Excellence and the National Institute on Retirement Security. The co-authors are Dr. Keith Bender, Associate Professor, Dept. of Economics, University of Wisconsin-Milwaukee and Dr. John Heywood, Distinguished Professor, Dept. of Economics, University of Wisconsin-Milwaukee.

Key Findings

The study finds that:

- Jobs in the public sector typically require more education than private sector positions. Thus, state & local employees are twice as likely to hold a college degree or higher as compared to private sector employees. Only 23% of private sector employees have completed college as compared to about 48% in the public sector.

- Wages of state and local employees are lower than those for private sector employees with comparable earnings determinants such as education and work experience. State workers typically earn 11% less and local workers 12% less than private sector counterparts.

- During the last 15 years, the pay gap has grown. Earnings for state and local workers have generally declined relative to comparable private sector employees.

- The pattern of declining relative earnings remains true in most of the large states examined in the study, although there does exist some state-level variation.

- Benefits make up a slightly larger share of the cost of total compensation for the state & local sector. But even after accounting for the cost of retirement, healthcare, and other benefits, state and local employees still earn less total compensation than private sector counterparts. On average, total compensation is 6.8% lower for state employees and 7.4% lower for local employees than for comparable private sector employees.

April 2010

CENTER FOR STATE & LOCAL GOVERNMENT EXCELLENCE

NATIONAL INSTITUTE ON Retirement Security
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Methodology

The study utilizes publicly available data from the Bureau of Labor Statistics and the "people" approach to account for the characteristics that help determine each worker's earnings: education, training, experience, job location, occupation, etc. This enables a comparison of similar employees and isolates the effect of public or private sector employment on wages.

The differences in wages between each sector for the last several decades are analyzed. The study also estimates the variation of these trends across some of the largest states – California, Florida, Illinois, Michigan, New York, Pennsylvania, and Texas. The study then analyzes the composition of the cost on nonwage benefits between the public and private sectors. The earnings comparability estimates are adjusted to include benefits in order to compare overall compensation across public and private sectors.

Conclusions: State, Local Employees Compensated Less Than Comparable Private Counterparts

If one holds the education and other characteristics the same, typical state and local workers earn an average of 11 percent and 12 percent less, respectively, than comparable private sector workers.

Workers in the state and local sector get a slightly larger share of their compensation in benefits but it is not dramatically larger. When accounting for this difference, most of the estimates remain negative, suggesting lower total compensation in the state and local sector after accounting for worker characteristics.

The implications of study are as follows:

- Compensation of state and local employees is not excessive as compared to comparable private sector employees.
- This remains true when including benefits.
- The pattern of results over the last twenty years has generally been one of declining relative earnings of state and local workers compared to those in the private sector.
- This remains true in most of the states examined although there does exist some heterogeneity across states.

6 WAYS COUPLES CAN MAXIMIZE SOCIAL SECURITY PAYOUTS

The following article was written by Mr. Steve Cypen, Board Attorney. It is not intended to be legal advice. It is intended to open a dialog about possible Social Security entitlements.

Married readers should carefully review the following piece adapted from U.S. News & World Report. Couples who are currently married, or who have stayed together at least 10 years, tie their working records ~ and resulting Social Security checks ~ together, as long as they both live. In the case of Social Security payments, the result is often better for the couple.

Spouses have Social Security claiming options that single people do not. Here are some ways couples can boost their Social Security benefits:

Utilize spousal payments. Spouses are entitled to a Social Security payout of up to 50 percent of the higher earner's check if that amount is higher than benefits based on his or her own working record. Retired couples where one spouse did not work or had low earnings have the most to gain from this provision. However, low-earning spouses must wait until full retirement age to collect the full 50 percent. (For baby boomers born between 1943 and 1954, full retirement age is 66.) Benefits are reduced for spouses who collect before their full retirement age. For example, a low-earning spouse whose full retirement age is 66 would only be eligible for 35 percent of the higher earner's benefit at age 62. The spousal benefit does not increase above 50 percent of the higher earner's benefit if claiming is delayed beyond the full retirement age.

Claim and suspend. The lower earner cannot receive spouse's benefits until the higher earner files for retirement benefits. Workers who have reached full retirement age may apply for retirement benefits and then request to have the payment suspended. Claiming and suspending payments allows the lower earner to claim a spousal benefit and the higher earner to continue working and earn delayed retirement credits until age 70.

Social Security checks increase by 7 percent to 8 percent for each year of delayed claiming between full retirement age and age 70. After age 70 there is no additional benefit for waiting to collect.

Claim twice. Dual-earner couples who have reached their full retirement age can claim Social Security twice: first as a spouse and later using his or her own work record. A person may choose to sign up for only a spouse's benefits at full retirement age and continue accruing delayed retirement credits on his or her own Social Security record. The worker may then file for benefits based on his or her own work at a later date and receive a higher monthly benefit due to delayed retirement credits.

For example, a man planning to retire at age 70 could claim a spouse's benefit based on his wife's earnings at age 66 and then claim again based on his own working record when he exits the workforce at age 70. High-income couples with relatively equal earnings gain most using this strategy.

Include family. Social Security recipients who have children under age 16 or who are disabled can secure additional Social Security payments for the child and a spouse caring for the child, even if the spouse is under age 62. Each child is eligible for up to 50 percent of the retiree's full benefit. However, payments to family members are capped, typically at 150 percent to 180 percent of the retiree's benefit payment. If total payments due to the retiree's spouse and children are above this limit, their benefits will be reduced. The retiree's payout, however, will not be affected.

Ex-spouses are eligible. A former spouse may be eligible for benefits if the marriage lasted at least 10 years. The divorced spouse must be age 62 or older and unmarried. The amount of benefits an ex-spouse claims has no effect on benefits the worker and her or her current spouse can receive.

Boost the survivor's benefit. Widows and widowers are entitled to the higher earner's full retirement benefit. Surviving spouses can begin receiving Social Security benefits at age 60, or age 50 if they are disabled. Benefits are reduced by up to 28.5 percent if claimed before recipient's full retirement age. The surviving member of a dual earner couple can also claim a reduced benefit on one working record and then switch to the other. For example, a woman could take a reduced widow's benefit at age 60 and then claim 100 percent of the retirement benefits based on her own working record when she reaches full retirement age.

Most survivor benefits are paid to women because wives are generally younger than their husbands and live longer. A husband can increase the monthly survivor's benefit his wife will receive by 60 percent by waiting to sign up for Social Security until age 70.

Buckhead Capital Management, LLC
Quarterly Market Commentary-First Quarter 2010

Similarly, the central banks of India and Australia both raised interest rates over concern about inflationary pressures. Meanwhile, in the U.S., the quarter produced mixed reports on the strength of the economy. Industrial production and factory utilization data reflected continued improvement in the manufacturing sector, but the housing market remained weak, employment conditions showed little improvement, and consumer confidence fell yet again. Nonetheless, as promised, the Federal Reserve halted its program of buying mortgage-backed securities at the end of March.

The market is currently discounting significant improvement in corporate profit margins on relatively modest gains in sales. Any failure to meet these expectations could result in disappointing equity returns. Whether the economy can begin to wean itself off of an unprecedented level of government support in the face of high unemployment, weak real estate markets (residential and commercial), and struggling state and local government finances remains an open question.

However, such uncertainty in the market also offers opportunity. While we remain cautious given the economic challenges and high overall valuation levels, Buckhead continues to find individual companies with strong free cash flows and market positions selling at reasonable valuations. We are confident that these are the kinds of investments that will continue to produce excellent risk-adjusted returns over a full market cycle.

Exchange-Traded Funds: Introduction

On *page 10* of this publication, ETFs are cited in the Eagle Asset article. In an effort to explain ETFs the following article is being presented.

According to Ken Hawkins, who is a financial writer and the vice president of Second Opinion Investor, Exchange-traded funds (ETFs) can be a valuable component for any investor's portfolio, from the most sophisticated institutional money managers to a novice investor who is just getting started. Some investors use ETFs as the sole focus of their portfolios, and are able to build a well-diversified portfolio with just a few ETFs. Others use ETFs to complement their existing portfolios, and rely on ETFs to implement sophisticated investment strategies. But, as with any other investment vehicle, in order to truly benefit from ETFs, investors have to understand and use them appropriately.

Understanding most ETFs is very straightforward. An ETF trades like a stock on a stock exchange and looks like a mutual fund. Its performance tracks an underlying index, which the ETF is designed to replicate. The difference in structure between ETFs and mutual funds explains part of different investing characteristics. The other differences are explained by the type of management style. Because ETFs are designed to track an index, they are considered passively managed; most mutual funds are considered actively managed. (For more insight, read *Mutual Fund or ETF: Which Is Right For You? and Active Vs. Passive Investing In ETFs.)*

Please continue to page 20 of this publication for the conclusion.

Don't Forget To Visit Us !!!

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Some Good News……

The Board of Trustees would like to report, that our equity investments were ranked in the Top Ten percentile over the last 3 & 5 year periods relative to the investment universe. We would like to thank all of our investment professionals for their commitment to our future. Keep up the great work!

In Closing….

ETF—Intro

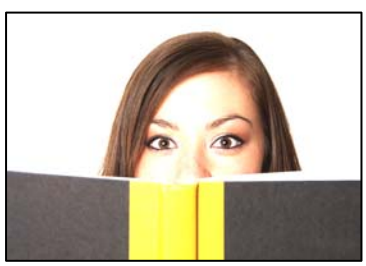
(continued from page 19)

From an investor's perspective, an investment in an index mutual fund and an ETF that tracks the same index would be equivalent investments. For example, the performance of the SPDR S&P 500 ETF and a low-cost index fund based on the S&P 500 would both be very close to the to the S&P 500 index in terms of performance.

Although index mutual funds are available to cover most of the major indexes, ETFs cover a broader range of indexes, providing more investing options to the ETF investor than the index mutual fund investor. (For more insight, read *ETFs Vs. Index Funds: Quantifying The Differences.)*

The Board hopes that this tutorial provides a basic understanding of what an ETF is and how it might be used by an investor. It is not to be construed as investment advice.

SUMMARY PLAN DESCRIPTION



The Board of Trustees approved the distribution of the 2010 Summary Plan Descriptions (SPD). The will be distributed to all active police pension members. The SPD outlines all the pension benefits that you are entitled to as a member of the plan.

The booklet will also be available online as well.

GOLF EVENT - FD

The Hollywood Firefighters' Retiree Association is proud to announce the "1ST Annual HFRA Four Person Scramble Golf Tournament" to be held June 21st at TPC Eagle Trace Golf & Country Club 1111 Eagle Trace Blvd., Coral Springs, FL. Shotgun Start 9:00 A.M.

The event benefits the Susan G. Komen Foundation for The Cure & The Cystic Fibrosis.

Registration forms for this event are available on the announcement page of the police pension website.