



# Police Pension News

A Hollywood Police Officers' Retirement System Publication

**Issue 33**

**Date of Issue:**

**First Quarter 2010**

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## Respect Honor Remember



**Frankie M. Shivers**

**Police Officer**

**End of Watch:**

**September 6, 1982**

**National LEO Memorial**

**Panel 29, E - 13**

## PENSION FUND INVESTMENT SUMMARY

On December 31, 2009 our fund had a total market value of \$192,755,000. For the quarter the fund gained \$6,002,000. For the quarter the total fund return was 3.21% (net) and its benchmark return was 3.03%. In the previous quarter the fund return was 8.92%. For the quarter the stock return was 6.05% and the benchmark return was 5.98%. The bond return was 0.44% and the benchmark return was 0.05%.

For the quarter the average allocation of our fund was 51.4% invested in stocks, 44.4% in bonds and 4.2% 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 remains at 50% of the total

fund.

For the fiscal year to date the Inverness large cap stock return was 5.25%, the Davis, Hamilton, & Jackson growth stock return was 7.70%, the Buckhead value stock return was 6.07%, the Eagle small cap stock return was 3.99%, the Eagle mid-cap stock return was 6.83% and the Rhumbline mid-cap stock index return was 5.55%. The S&P 500 index return was 6.04%.

For 2009 the best performing sector among S&P 500 stocks was Information Technology which increased 59.92% and the worst sector was Telecommunications which increased 2.63%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased

2.7% for the twelve months ended in December. In the fourth quarter the seasonally adjusted annual CPI is 3.3%. The Producer Price Index (PPI) for finished goods advanced 4.4% for the twelve-month period which ended in December.

The seasonally adjusted unemployment rate was 10.0% in December compared to 9.8% in September. Real Gross Domestic Product (GDP) increased at an annual rate of 2.2% for the third quarter of 2009, compared with a decrease of 0.7% in the second quarter.

During the fourth quarter of 2009 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

**Calendar Year to Date (1/1/09 – 12/31/09):** For the calendar year the total fund return was 17.36% (net) and its benchmark return was 16.67%. The stock return was 27.73% and the benchmark return was 28.63%. The Inverness bond return was a stellar 9.29% and the benchmark return was 4.89%.

**Long Term:** Since September 30, 1992 the fund has an average rate of return of 7.21% (net) per year. For the last five years the total fund averaged 3.51% (net) per year, which out-performed the overall combined stock and bond benchmark return of 2.71%. For the last five years stocks averaged 2.89% and the benchmark averaged 0.77%. Bonds averaged 5.39% and the benchmark averaged 4.68%. For the last three years stocks have an average return of -1.99% and bonds averaged 7.04%.

TOP 10 STOCKS

INVERNESS	DHJ	EAGLE SMALL CAP	EAGLE MID-CAP	BUCKHEAD
Corning	Microsoft	John Wiley & Sons	Allied World	Exxon Mobil
Cisco	Apple Inc.	Solutia Inc.	Discovery Comm.	Pfizer
Roper	IBM	Wolverine WW	Dr. Pepper Snapple	AT&T
Teva Pharma. ADR	Wal-Mart	Bio-Rad Labs.	John Wiley & Sons	NY Comm. Bank
JP Morgan Chase	Danaher	Lincare Holdings	Fiserv Inc.	ConocoPhillips
PETsMART	Apache	American Medical	IHS Inc.	Procter & Gamble
ConocoPhillips	Google	Flowers Food Inc.	Intercontinental Exch.	Comcast
URS Corp.	Cisco	Enstar Group Ltd.	Whiting Petroleum	JP Morgan Chase
Monsanto	Hewlett-Packard	Quest Software	McKesson Corp.	Chevron-Texaco
Home Depot	Qualcomm	HSN Inc.	St. Jude Medical	H&R Block

## National Law Enforcement Memorial



The Board of Trustees would like to honor the memory of Hollywood Police Officer Frankie M. Shivers, who adorns our cover page.

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

Details of the National Law Enforcement Memorial may be viewed by visiting National Law Enforcement Memorial [www.nleomf.org](http://www.nleomf.org)

# Retiree Corner

*Congratulations to our latest  
DROP Members*

Kenneth Haberland	03-08-2010
Travis Schuller	03-15-2010
Walter Roesser	03-22-2010
Anthony Fernandez	03-28-2010
Todd Bradford	04-04-2010

*Congratulations to our latest Retiree*

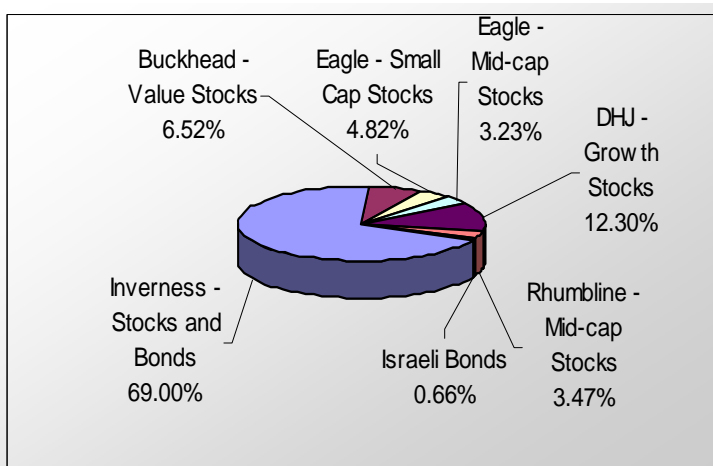
Carol Lynne Sykes	02-28-2010
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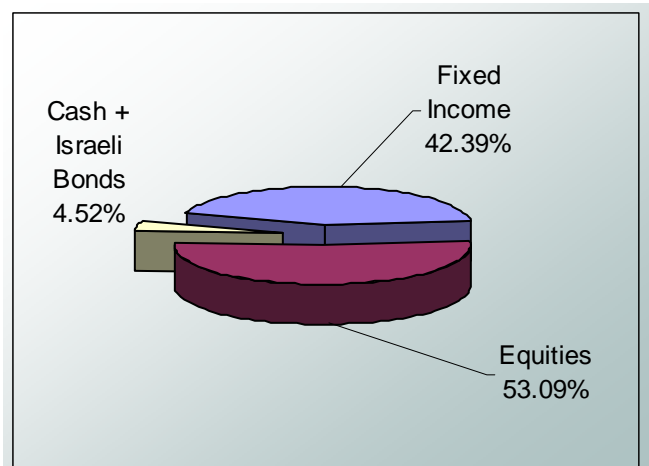
### Reminder Active Members....

You may now use your share account to purchase your probationary time. Please contact the Office of Retirement for details....

**Division of Assets by Manager as of Dec 31, 2009**



**Plan Asset Allocation as of Dec 31, 2009**



## Florida Legislative Update - Pensions At Risk?

There is a pension storm brewing in Tallahassee this year, and its called Senate Bill 1902. While it will surely be challenged, its good for all members to understand what it entails.

In summary the bill amends:

- Florida Statutes 112.63 to add a new paragraph to require that all pension system include a 5 year projection of employer contributions using the previous 5 years of actual experience.
- Florida Statutes 112.63 to add a new paragraph requiring an experience study once every 5 years.
- Florida Statutes 112.65 to provide that the pension benefit for members hired after July 1, 2000 may not exceed 70% of the member's highest annual base pay (base pay does not include overtime and "additional compensation.") If, however, the member's employer does not participate in federal Social Security, the member's benefit may not exceed 90% of the highest base pay excluding overtime and other additional compensation.
- Florida Statutes 112.66 to add a new paragraph requiring all retirement systems to provide a detailed accounting of the expenses to the plan sponsor and the Department of Management Services and to require submission of a proposed administrative budget to the plan sponsor 120 days before the beginning of the Plan year. The budget cannot be amended by the Board unless there is prior approval by the plan sponsor.
- Florida Statutes 121.0515 (Florida Retirement System — FRS) changes the crediting of multiplier for the purchase of past FRS service from 2% to 3% service.
- Florida Statutes 185.02 revising the definition of "Compensation" or "Salary" from "total cash remuneration" to "fixed monthly remuneration," and deletes overtime from the definition in its entirety.
- Florida Statutes 185.05 changing the provisions related to the Board of Trustees to provide that a majority of the members of the Board cannot be members or retirees of the Plan.
- Florida Statutes 185.07 to allow increases in member contributions without an increase in benefits.
- Florida Statutes 185.16 mandating the provision of a 2% multiplier for all years of service.
- Florida Statutes 185.35 Require the premium tax dollars be used to provide extra benefits which are "equal to or greater than the value of the premium tax received. Remove the minimum benefits provisions of the section and also delete the requirement for the member to approve how the premium tax money is used. Allows minimum benefit compliance to be determined based upon the aggregate of all benefits. Defines extra benefits as benefits "in addition to those provided to general employees" regardless of when the benefit is or was provided. Adds a new section to allow for tiered benefits which meets the minimum benefits of the Chapter (can meet the minimum in aggregate). The amendment also allows a municipality to maintain the current plan, join FRS and continue to receive the premium tax dollars, including the money to fund FRS participation.
- Florida Statutes 185.38 to allow a municipality to maintain the current plan, join FRS and continue to receive the premium tax dollars until fully funded.
- Florida Statutes adds a new section to allow a municipality to maintain the current plan, create another pension system (including a defined contribution system, similar to a 401K) and continue to receive the premium tax dollars, including the money to fund the new system.

# COLA LETTERS

In an effort to expand communications with our membership, the Board of Trustees approved the distribution of COLA (Cost of Living Adjustment) notification. For those retired members entitled to COLA's, a letter like the one highlighted below will be sent to you generally one month prior to the COLA going into effect.



## *CITY OF HOLLYWOOD, FLORIDA*

### **Hollywood Police Officers' Retirement System**

4205 Hollywood Boulevard, Suite 4 Hollywood, FL 33021

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

Bob Jones  
P.O. Box 1212  
St. Dave, FL 28780

Tuesday, March 02, 2010

**Subject:** Notification of Cost of Living Adjustment

Dear Bob

On behalf of the Board of Trustees, I am writing to inform you that pursuant to the City of Hollywood Police Retirement System City Ordinance, Section 33.136 (M), you are entitled to a 2% increase of your monthly retirement benefit.

Your current monthly retirement benefit is \$2,237.60. Effective 4/1/2010, your monthly retirement benefit will be \$2,282.35, which equates to a monthly increase of \$44.75.

This notice is being written to you for informational purposes only. No action is required on your part.

Should you have any questions or concerns, kindly contact Mr. David Williams, Plan Administrator at one of the phone numbers cited above.

Respectfully,

David Strauss, Chairperson  
**FOR THE BOARD**

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

Printed : Tuesday, March 02, 2010

## **Davis Hamilton Jackson & Associates - Financial Perspective**

Financial markets made continued progress during the quarter, marking the third consecutive quarter of rising stock prices, narrowing credit spreads, and reduced volatility. The sustained financial recovery was accompanied by economic progress as data points improved from “less bad” to “accelerating” to “year over year gains”. The domestic stock market, as measured by the S&P 500 Index, gained 6.0% for the quarter ending December 31st and closed the full year with an impressive increase of 26.5%.

Stock market gains were rather broad-based during the fourth quarter, with few sectors, styles, or capitalization ranges left behind. The most distinguishing characteristic of the quarter was the outperformance of Information Technology stocks, as demand for all things digital and mobile surged over the course of the year. In fact, the S&P 500 Information Technology sector climbed 11.2% during the quarter, capping a 61.9% improvement on the year. A larger weighting of technology stocks was a major reason the Russell 1000 Growth Index exceeded the Russell 1000 Value Index for the final three months, gaining 7.9% versus 4.2%, respectively.

During the most difficult operating environment in decades, corporate managements have responded rapidly to new demand levels, reducing cost structures and production levels, retaining internal cash flows, and setting modest expectations for all stakeholders. Capital markets have been quite receptive to firms seeking to shore up balance sheets through refinancings and equity issuances. Modest inflation expectations and a very accommodative Federal Reserve suggest interest rates will remain low for the intermediate term. Accordingly, equity valuations are reasonable and stock price movements should match forward earnings growth.

Healthy and unhealthy companies alike have benefited in the stock market recovery to date. From here, companies able to generate sustained top line and earnings growth without much help from external forces are apt to attract investor attention. Large cap, high quality companies seem particularly well-positioned, with strong balance sheets and access to developing markets around the globe.



## Buckhead Capital's Performance Update

Buckhead Capital's Value Equity composite gained 6.3% in the fourth quarter and outperformed its Russell 1000 Value benchmark by 2.1%. For all of 2009, the Value Equity composite was up 25.8% and outperformed its benchmark by 6.1%. Major contributors to performance in the quarter were stock selection in Financials (New York Community Bank, H&R Block), Technology (Microsoft), Consumer Staples (SYSCO), and Utilities (NSTAR). An underweight position in the financial sector and overweight positions in the Technology and Healthcare sectors also helped performance.



## Web Site News

Until recently, members who had web access to their DROP & Share Accounts had to log in at two separate web screens. Now members can log on at one location to access both accounts.

If a member only has a Share Account, only one window will appear on-line. A member who has a Share and DROP Account will now see two windows on-line, one for each respective account.

## DROP POLICY UPDATED

The Board of Trustees recently approved and distributed to all DROP Members the latest revision of the DROP Policy. If you did not receive your copy, one may be downloaded from our web site or simply call the Office of Retirement.

### HOLLYWOOD, FLORIDA POLICE OFFICERS' DEFERRED RETIREMENT OPTION PLAN



Effective as of January 1, 1991  
Amended and Restated as of October 30, 2009

## Trustees Remain!

The Board of Trustees held open nominations for the seats of Paul Laskowski and Cathleen Marano.

At the close of the open nomination period, the incumbents faced no opposition. As such, the incumbents are reappointed for an additional two year term.

Trustees' Cathleen Marano and Paul Laskowski would like to thank the active & retired membership for the on-going support.

Both Trustees continue their pledge to protect the pension system for future generations.

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

**THE BOARD OF TRUSTEES**

**David Strauss, CPPT - Chairman**

**Cathy Marano, CPPT - Secretary**

**Richard Brickman, Trustee**

**Larry Wiener, Trustee**

**Paul Laskowski , CPPT - Trustee**

**Van Szeto, CPPT - Trustee**

**Christopher O'Brien, 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



*Some Good News.....*

*The Board of Trustees would like to report, that our fund was in the Top 3 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!*

***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 Memory -**

The Board is saddened to announce the loss of **William Callahan**, HPD Member 1957-1983. *Pictured below...*



We are also sad to report the loss of **Robert S. Davis**. HPD Member 1965-1990.

Please keep the Callahan & Davis Families in your thoughts and prayers.

**Our Apologies**

In our last newsletter retiree Bruce Davis was listed in lieu of Robert S. Davis. We regret this oversight!

**Retired DROP Members**

If you are a retired Drop Member who has been withdrawing from his/her Drop Account, you have until September 30th to notify this office of any change for the 2011 distribution year. If no such change is requested, you will receive the same amount as this year!

**13th Check**

Believe it or not, the Office of Retirement has been receiving calls inquiring about the *supplemental pension distribution*. In order to provide a 13th check, the System's investment return would have to be in excess of the assumption rate of return of 8%, as of September 30th. The rate of return for the year was less than that. Sorry not this year!

**Get Well John!!**



Join the Board in wishing retiree John Barbuto a speedy recovery from a reported face plant on the slopes of Colorado.

