Police Pension News

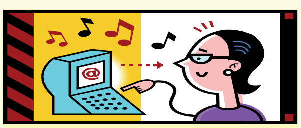
A Hollywood Police Officers' Retirement System Publication

Issue 35

Date of Issue:

Third Quarter 2010

Inside this issue:



Web Site

For members who have web access, the company who hosts our web site has been upgrading their systems. As such, our site has been up and down. These outages are temporary and normal services should resume shortly. If you see the site is down, simply check back later. Thank you!

PENSION FUND INVESTMENT SUMMARY

Short-Term

On June 30, 2010 our fund had a total market value of $191,784,000. For the quarter the fund's value decreased by $8,442,000. For the quarter the total fund return was -4.21% (net) and its benchmark return was -4.10%. In the previous quarter the fund return was 3.21%. For the quarter the stock return was -10.81% and the benchmark return was -11.16%. The bond return was 3.52% and the benchmark return was 3.42%.

For the quarter the average allocation of our fund was 51.1% invested in stocks, 44.5% in bonds and 4.4% 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

(10/1/09 – 6/30/10)

For the fiscal year to date the total fund return was 2.01% (net) and its benchmark return was 2.58%. The stock return was -0.96% and the benchmark return was -0.18%. The Inverness bond return was 2.90% and the benchmark return was 3.21%.

For the fiscal year to date the Inverness large cap stock return was -2.69%, the Garcia, Hamilton, & Jackson growth stock return was -1.71%, the Buckhead value stock return was -0.59, the Eagle small cap stock return was 1.94%, the Eagle mid-cap stock return is 0.95% and the Rhumbline mid-cap stock index return was 4.03%. The S&P 500 index return was -1.02%.

For the quarter the best performing sector among S&P 500 stocks was Utilities which decreased 4.82% and the worst sector was Materials which decreased 15.72%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 1.1% for the twelve months ended in June. The Producer Price Index (PPI) for finished goods advanced 2.8% (unadjusted) for twelve-month period ended in June.

The seasonally adjusted unemployment rate was 9.5% in June compared to 9.7% in March. Real Gross Domestic Product (GDP) increased at an annual rate of 2.7% for the first quarter of 2010, compared with a increase of 5.6% in the fourth 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%.

Total Fund Summary

Calendar Year to Date (1/1/10 – 6/30/10)

For the calendar year the total fund return was -1.17% (net) and its benchmark return was -0.44%. The stock return was -6.61% and the benchmark return was -5.81%. The Inverness bond return was 5.54% and the benchmark return is 5.02%.

Long Term

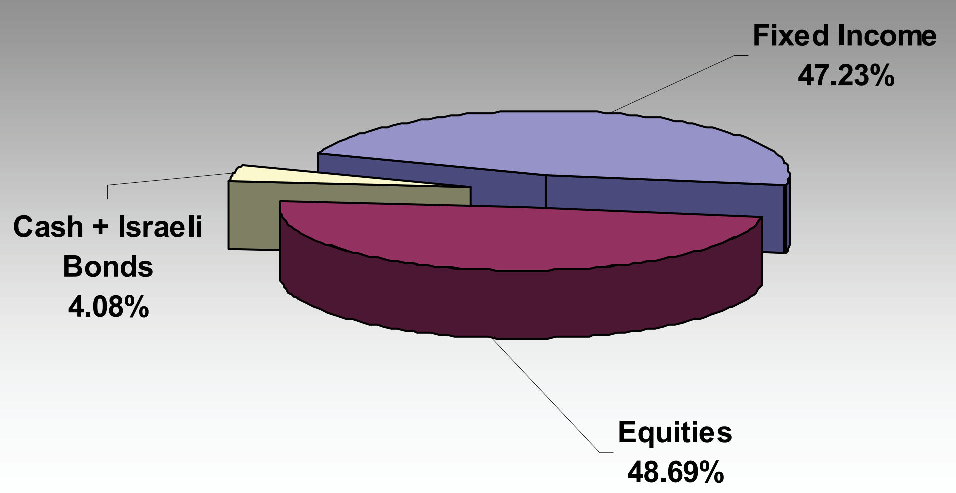
Since September 30, 1992 the fund has an average rate of return of 6.93% (net) per year. For the last five years the total fund averaged 3.19% (net) per year, which out-performed the overall combined stock and bond benchmark return of 2.48%. For the last five years stocks averaged 1.54% and the benchmark averaged -0.30%. Bonds averaged 6.13% and the benchmark averaged 5.26%. For the last three years stocks have an average return of -7.65% and bonds averaged 8.50%. For the last year stocks increased 13.89% and bonds increased 10.17%.

TOP 10 STOCKS

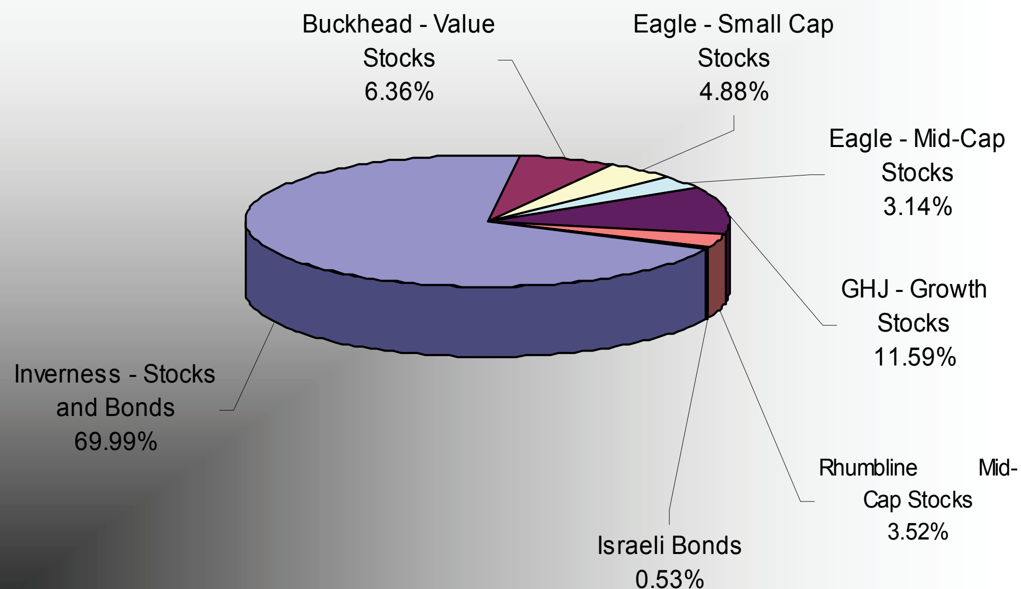
INVERNESS	GHJ	EAGLE SMALL CAP	EAGLE MID-CAP	BUCKHEAD	RHUMBLINE
Cisco	Apple Inc.	Rock-Tenn	Crown Holdings	AT&T	NY Comm. Bank
Corning	Microsoft	Quest Software	IHS Inc. (CL A)	Annaly Capital	Vertex Pharma
Union Pacific	Danaher	Wolverine Worldwide	VF Corp.	Comcast	Newfield Expl.
Kellogg	IBM	John Wiley & Sons	CME Group	Procter & Gamble	Cree Inc.
Roper	Nike Inc.	IHS Inc. (CL A)	Allied World	Allstate	Edwards Life
Teva Pharma.	Exxon Mobil	Mednax Inc.	Beckman Coulter	NY Comm. Bank	Cimarex Energy
ConocoPhillips	Apache Corp.	Wabco Holdings	John Wiley	ITT Industries	Sybase
JP Morgan Chase	Roper	Hewitt Associates	Owens Illinois	Bank of America	Lubrizol Corp.
Procter & Gamble	Cisco	First Citizens Banc.	Hasbro Inc.	Pfizer	FS Networks
Newmont Mining	Walt Disney	Icon PLC ADS	Rock-Tenn Co.	JP Morgan Chase	Dollar Tree

Track The Fund!

Plan Asset Allocation as of June 30, 2010



Division of Assets by Manager as of June 30, 2010



STOCK SPOTLIGHT

Lockheed Martin (Ticker = LMT)

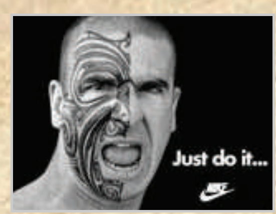
Sector: Industrials

Industry: Aerospace/Defense

Market Capitalization: $27.4 Billion

Lockheed Martin Corporation is a global company engaged in the research, design, development, manufacture, integration, and maintenance of advanced defense technology systems and products. In 2009, 85% of net sales were made to the U.S. government and 13% of net sales were made to foreign governments. Lockheed is currently in the early stages of producing the F-35 Joint Strike Fighter, the next-generation fighter plane for the U.S. Air Force and Navy and a number of allied countries. Since it is needed to replace a rapidly aging fleet of fighter planes, the F-35 has the support of the Department of Defense, the administration, and Congress. Lockheed Martin is currently earning strong returns on invested capital, has historically returned 50% of its free cash flow to shareholders, and recently increased its dividend by 10.5% (its seventh consecutive double-digit annual increase). Key opportunities for the company include the potential growth of the F-35 program to 3,000 planes, continued foreign sales of the F-16, and further sales growth for the C-130J transport and the company's missile defense systems. With investors concerned about federal government budget pressures, Lockheed's stock represents an attractively valued opportunity to participate in expected growth of 4-6% in revenues and 8-10% in earnings per share over the next 5-10 years.

Nike Inc (Ticker = NKE)



Sector: Consumer Discretion

Industry: Footwear

Market Capitalization: $34.14 Billion

Nike Inc. is the world's largest designer and developer of high end footwear, equipment, apparel, and accessory products. Nike's brands include: NIKE, Cole Haan, Converse, Hurley, and Umbro. The Company sells its products via retailers in the United States and in over 170 countries around the world. Their sales ordering program (called "futures") allows retailers to order up to six months in advance of delivery so as to guarantee a set delivery date and price. The futures projections continue to deliver solid percentage sales growth in the low double digits on a quarter over quarter basis. Much of this is attributable to their innovative marketing strategies, customer brand loyalty, and successful penetration in emerging markets. Their level of involvement with the Olympics in China boosted their profile and Asia and the recent purchase of Umbro has given them significant exposure to World Cup (and soccer in general). Fundamentally, NKE has little debt, exceptional cash-flow, and value return to the shareholders via share repurchases.

Please note that the Board of Trustees provide this data for informational purposes only. It is in no way to be interpreted as investment advice.

Buckhead Capital Management—Quarterly Commentary-Value Equity

Second Quarter 2010

As the second quarter began, an accommodative Federal Reserve, modestly better economic growth data, and continued low inflation gave investors reasons to be optimistic. So the equity market initially continued its strong first quarter advance, peaking on April 23rd at its highest level since the collapse of Lehman Brothers in September 2008. However, as concerns about Europe's sovereign debt resurfaced in late April, the market began to retreat.

Intensifying concern about the effect of the European debt problems on the U.S. economy and increasing doubt that government stimulus spending would lead to sustainable private sector growth led the market to sell off sharply in May and June. With the oil spill in the Gulf and the "flash crash" in early May also contributing to investor unease, the S&P 500 dropped 15.3% from its peak in April and finished down 11.3% for the quarter. For the first six months of 2010, the S&P 500 is down 6.7%. Although large cap stocks outperformed small cap stocks from the market peak, smaller stocks did better for the entire quarter, with the Russell 2000 Index losing 9.9% in the quarter, and only 1.9% for the first six months of the year. (All returns reflect both price changes and the reinvestment of dividends.)

Within the S&P 500, growth and value stocks performed very similarly in the quarter, with the S&P 500 Value Index off 11.5% and the S&P 500 Growth Index down 11.3%. Year to date, value stocks have delivered better performance than growth stocks with the Value Index losing 5.3% compared to a 8.0% decline for the Growth Index. The following table shows the best and worst performing sectors in the S&P 500 for the second quarter and the first six months of the year.

2nd Quarter 2010		Year-To-Date 2010	
Best Performing		Best Performing	
Utilities	-3.7%	Industrials	-0.8%
Telecommunications	-4.2%	Consumer Discretionary	-1.5%
Consumer Staples	-8.1%	Consumer Staples	-2.7%
Worst Performing		Worst Performing	
Materials	-15.3%	Information Technology	-12.8%
Financials	-13.3%	Energy	-12.1%
Energy	-12.7%	Materials	-10.5%

Although the Federal Reserve maintained its short-term interest rate target of 0.0% – 0.25%, the fears generated by European sovereign debt crisis led fixed income investors to seek the safest securities and demand a greater return for taking on risk. The 10-year Treasury note's yield dropped from 3.84% at the end of the first quarter to 2.96% at the end of the second quarter, producing a total return of 4.7%. Despite this decline in the risk-free yield, however, corporate bonds produced negative returns as risk premiums increased sharply for both investment grade and high yield securities.

Much of the past quarter's economic news was dominated by events in Europe. Financially weaker members of the European Union (particularly Greece) faced the possibility of being unable to refinance maturing debt because of investor concern about their mounting deficits. In response, the European Union and the IMF agreed to create a back-stop credit facility for the Greece and the Greek government pledged to implement severe budget cutbacks. In addition, the European Central Bank agreed to purchase sovereign debt of European countries, a sign that it would support the Greek bond market.

These supportive actions provided comfort not only to buyers of Greek debt, but also to European banks. These banks own substantial amounts of sovereign debt issued by the economically more fragile countries (Greece, Spain, Italy, Portugal), still hold significant amounts of "toxic" assets and real estate debt, and have weaker capital ratios than their U.S. counterparts. The condition of the European banks in the face of the sovereign debt crisis fed investor fears of a replay of the paralysis that gripped financial markets in 2008. Furthermore, the austerity budget measures promoted by European governments increased concern that a resulting European economic slowdown would hurt American companies and U.S. growth.

Concluded on Page 6

Garcia Hamilton Jackson

Market Recap

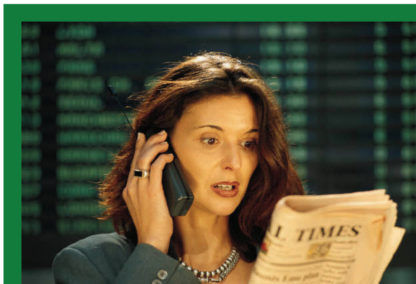
Stock prices retreated during the quarter, following four quarters of uninterrupted gains off the March 2009 bottom. Perhaps the period was merely a pause in a continuing recovery as many measures of economic activity remain healthy including industrial production and corporate profits. Credit markets are functioning well and volatility has subsided. Inflation rates are low and borrowing costs attractive. Nevertheless, the domestic stock market, as measured by the S&P 500 Index, fell 11.4% for the quarter ending June 30.

Stock price declines were pervasive, with all ten economic sectors of the S&P 500 Index posting negative quarterly returns. Reflecting investor fear, those sectors considered defensive held up best including Utilities, Telecommunications, and Consumer Staples. Sectors more closely linked to future economic activity fared worse. For instance, the Materials sector dropped 15.3%. This trend was consistent across growth and value styles. The Russell 1000 Growth Index dropped 11.8% compared with an 11.2% decrease for the Russell 1000 Value Index.

Looking forward, equity market valuations are quite attractive given current earnings forecasts and the favorable interest rate environment. Economic activity may be moderate, raising the likelihood central banks remain accommodative. Corporate managements show every indication they will stay vigilant on cost structures. Balance sheets are much improved, and cash levels, if anything, are excessive.

These factors suggest equity markets are likely to move higher with earnings once the current correction plays out.

For the past five quarters, beta factors have dominated stock market activity with underlying fundamentals all but ignored. However, traditional metrics such as earnings growth, P/E multiples, and cash flows are likely to be increasingly important to investors as the recovery progresses. Large cap, high quality companies seem particularly well-positioned, with attractive competitive positions, established global distribution channels, and strong balance sheets.



FIRM NEWS

DAVIS HAMILTON JACKSON & ASSOCIATES IS 100% EMPLOYEE-OWNED AND CHANGES NAME TO GARCIA HAMILTON & ASSOCIATES

July 1, 2010 - DHJA is now 100% employee-owned with almost 75% owned by ethnic minority and women partners. In addition, the firm name is changing to Garcia Hamilton & Associates and will discontinue the use of the old name by January 1, 2011.

Buckhead Capital Management

Quarterly Commentary-Value Equity

Second Quarter 2010

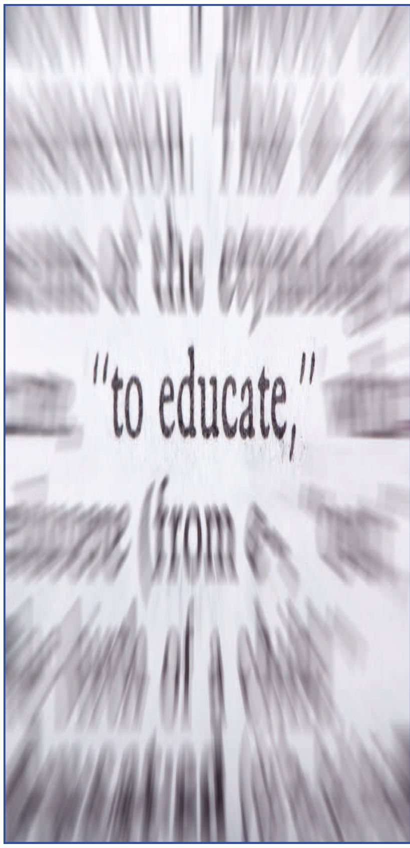
Continued from Page 5

At the same time Europe was wrestling with its issues, China was taking steps to slow its overheated economy. Fears of slowing Chinese demand, on top of concerns about moderating growth in the U.S. and Europe, drove many commodity prices sharply lower in the second quarter. Copper prices dropped 16% and aluminum prices fell 15%, while oil prices fell 10% to $75.63 per barrel. The strength of the dollar was one of the factors driving this weakness as many commodities (most notably, oil) are priced in dollars. Viewed as a safe haven, the dollar appreciated as the Euro fell to $1.24, down 8.3% in the quarter. Meanwhile, another favorite crisis investment, gold, gained 12% in the second quarter.

As the third quarter begins, investors are still cautious about the outlook for the European sovereign debt and bank problems. In the U.S., recent economic reports suggest that the decline in fiscal stimulus will result in slower than expected economic growth. For example, housing and auto sales have both weakened as federal stimulus programs ended. Meanwhile, continued high unemployment, depressed real estate markets, and significant cutbacks in state and local government spending all remain as headwinds to recovery.

Every cloud has its silver lining, however, and the market's recent decline has increased the number of attractive investment opportunities available to investors.

We at Buckhead Capital continue to employ a disciplined investment process to identify and analyze companies for possible inclusion in our portfolios. We remain confident that investing in under-valued companies with strong cash flow and secure market positions is the path to superior long-term returns for our clients.



What is *Beta* ?

In the GHJ article on page 6, beta is cited as a factor in the market. What does that mean?

A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), a model that calculates the expected return of an asset based on its beta and expected market returns.

Beta is calculated using regression analysis, and you can think of beta as the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market.

Many utilities stocks have a beta of less than 1. Conversely, most high-tech Nasdaq-based stocks have a beta of greater than 1, offering the possibility of a higher rate of return, but also posing more risk.

Retiree Corner

Congratulations to our latest DROP Members

Lauran Reingardt	06-28-2010
Paul Andrianis	07-20-2010
Michael Dejesus	08-02-2010
Aaron Brannen	08-09-2010

Congratulations to our latest Retiree

Joseph Dalton	07-31-2010

ITEMS OF INTEREST

PUBLIC PENSION INVESTMENT RETURNS: Public pension plans report double-digit returns for the 2010 fiscal year ENDING June 30th, recovering from record losses the previous year. The rebound was due to better market returns and increasing allocations to fixed-income and alternatives investments. An average 13.8% return was achieved by the 17 pension funds that have reported 2009-10 fiscal data reviewed by Pensions & Investments (P&I). At 11.4%, the nation's largest pension fund, $211.4 Billion California Public Employees' Retirement System, had the lowest return of the 17 systems reviewed by P&I. While CalPERS had gains in most asset categories ~ including 30.9% in private equity ~ total returns were reduced by a -37.1% return in the system's real estate portfolio. (The fund's benchmark return was 15.84%.) Meanwhile, statistics from Wilshire's Trust Universe Comparison Service show large public pension plans continued to push away from equities in the 2010 fiscal year. Median allocation to equities among public plans with more than $1 Billion was 52.8% as of June 30, compared with 54.34% a year earlier. For fiscal year ended June 30, 2007, plans had 61.55% of their assets in equities. Fixed income stood at 27.5% at the end of June, down from 29.1% for the prior 12 months, but up from the 23.73% allocation in 2007. The biggest increase came in alternatives: While some plans had invested in them in 2007, they were so few, that Wilshire statistics showed a 0% median allocation then. For the 2010 fiscal year, however, alternatives made up 7.63% of total plan assets.

FLORIDA MUNICIPAL POLICE OFFICERS WHO HAVE SERVICE PRIOR TO PENSION VESTING UNCONDITIONALLY ENTITLED TO CONTRIBUTION REFUND: Section 185.19(1), Florida Statutes, provides that if any police officer leaves service of the municipality before being eligible to retire, such police officer shall be entitled to a refund of all contributions, without interest, less any benefits paid. The City of St. Petersburg and the City of St. Petersburg Police Pension Board of Trustees appealed a final judgment finding that former police officers who left service prior to vesting in the City's police pension fund were entitled to refund of their contributions. The Second District Court of Appeal affirmed. Relying upon Section 185.35(1), Florida Statutes, requiring municipalities with their own police pension plans to meet minimum benefits and standards of Chapter 185, the city and board claimed that any refund is a pension "benefit" and must await its receipt of premium tax income funds. They contended that they could not provide a refund because they lacked sufficient premium tax income revenue. The former officers countered that a refund is not a benefit, and nothing in Section 185.35(1), Florida Statutes, requires that refunds come from premium tax income funds. The former officers advanced a persuasive and simple argument: Chapter 185, Florida Statutes, is not ambiguous, and legislative intent is easily seen in the plain language of the statute. Under Section 185.19(1), Florida Statutes, former police officers shall be entitled to a refund of his contributions. A 1958 Florida Attorney General opinion lent support to such conclusion. The court saw no reason why the requirements of Section 185.35, Florida Statutes, relating to premium tax income, should have any bearing on rights of the former police officers here. Use of the mandatory term "shall" normally creates an obligation impervious to judicial discretion. The appellate court also found the City's and Board's other arguments unavailing: that requiring a refund creates an unconstitutional unfunded mandate and that the former police officers were bound by terms of their employment contracts that called for forfeiture absent vesting. City of St. Petersburg v. Remia, Case Nos. 2D09-4233 and 2D09-4444 (Fla. 2d DCA, July 16, 2010).

TIMING IS EVERYTHING: Yankees owner George Steinbrenner may have saved his heirs as much as $600 Million in estate taxes by dying in 2010. The estate tax expired in 2009, and a new one does not take effect until 2011, when heirs will be taxed at a top rate of 55 percent, according to abajournal.com. Steinbrenner's net worth has been estimated at $1.15 Billion, and dying in 2010 rather than 2011 could amount to a $600 Million savings for his heirs. Steinbrenner's death may help spur Congress to pass a retroactive extension of the 2009 estate tax of 45 percent. Some experts believe such law would be constitutional, but would be subject to court challenges that could result in years-long litigation.

Normal Retirement Age: Where Do We Stand?.... According to NCPERS

In May 2007, the Department of the Treasury and the Internal Revenue Service (IRS) issued final regulations that would define the term normal retirement age (NRA) for all pension plans. Specifically, the regulations provide that pension plans must have an "age-based" NRA. Age means number, in the eyes of Treasury- IRS officials. In contrast, many public pension plans historically have tethered eligibility for retirement to years of service and not attainment of a certain age. Some have based retirement eligibility on a combination of years of service and age, which Treasury-IRS officials say would also be noncompliant with the new regulations. To comply with the 2007 regulations, many public plans will have to devote considerable time, resources, and political capital to pursue legislative changes to their governing state statutes. Public plans protested the new regulations informal comments submitted to the Treasury-IRS. In October 2008, the Treasury Department extended the date by which governmental pension plans would have to comply with the new regulations to plan years beginning after December 31, 2010. The effective date has since been extended to plan years beginning on or after January 1, 2013. NCPERS believes the NRA regulations are a solution in search of a problem. These regulations are not necessary to further any public policy objective. Plans making the change to an age-based NRA will achieve only a cosmetic or superficial plan modification. This fact is recognized by Treasury-IRS officials. From the beginning, NCPERS has pushed back against these burdensome regulations in an attempt to exempt public plans. At a time when public plans are under great scrutiny on funding levels and investment decisions, forcing plans to go hat in hand to state legislators on the NRA issue will open them up to legislative mischief. In some cases, unrelated legislative changes could threaten the basic defined benefit design of a plan and undermine this important and successful component of our nation's retirement regime. In this increasingly challenging political environment for public plans, NCPERS must develop and implement a strategy to thread the needle and achieve administrative or legislative relief from the NRA regulations. This summer, in the latest in a series of contacts with Treasury and IRS officials, NCPERS initiated a meeting for the public plan community with senior Treasury Department and IRS officials to discuss in detail the NRA regulations and their implications for public plans. It was clear from the outset of the meeting that the government officials were not budging on their interpretation of the law. In the coming months, as a follow-up to this meeting, NCPERS will test this interpretation by developing a legal memorandum to counter the Treasury's arguments. While it is a decision related to a private pension plan, it is important to note that on July 2, 2009, the U.S. Court of Appeals for the Seventh Circuit in Fryv. Exel on interpreted the federal statutory definition of NRA to allow an age combined with years of service. The Court stated, "It is employee specific, to be sure, but 'age + 5' remains an age. It is not as if the Plan provided that an employee reaches normal retirement age when he owns ten umbrellas. "The U.S. Supreme Court denied review of the decision. In addition to challenging the legal arguments, NCPERS will continue to press the political argument that forcing many public plans into their state legislatures could lead to major revisions in plan designs and not just the NRA fix that Treasury is demanding. Some senior Treasury officials appeared sympathetic to that argument in our recent meeting. Likewise, our allies in Congress should be sympathetic to that argument, if we need to enlist Congressional support in exempting public plans from the NRA regulations. One substantive issue with defining an age-based NRA is that under the HELPS provision of the Pension Protection Act of 2006, reaching a plan's NRA prior to distribution of benefits is a condition of qualifying for the $3,000 tax exclusion for health insurance expenses. Therefore, depending on the age at which an individual retires and the plan's age-based NRA, some public safety officers who retired or who will retire under a traditional plan based on years of service could be barred from qualifying for the HELPS exclusion once the regulations ultimately take effect. Of course, the HELPS issue makes our effort seven more important. For the next few months NCPERS will pursue a concerted effort with Treasury-IRS officials. If we cannot make significant progress by the middle of 2011, we will shift the playing field to Congress. As always, we welcome the involvement of specific plans in this effort.

US Supreme Court affirms audit of police officer's text messages

By Leonard J. Dietzen III
GUEST COLUMNIST

The U.S. Supreme Court acknowledged in a case this week that the law can rarely keep pace with technology.

In the landmark case of City of Ontario v. Quon (08-1332), the court determined that the City of Ontario, Calif., did not violate a police officer's Fourth Amendment rights when it audited his text messages. The court attempted to limit its ruling because of the fast pace of evolving technology and the uncertainties in workplace norms.

This is the first time the Supreme Court has addressed a public employee's expectation of privacy in the workplace as it relates to new forms of communication — specifically, text messaging.

While the city has a robust electronic communications policy, text messaging issues were not specifically addressed in writing. Sgt. Jeff Quon and others were informed verbally that their text messages were subject to the same policies and that they had no expectation of privacy or confidentiality when using these resources, which were provided by the city.

In addition, Quon's supervisor, Lt. Steve Duke, told Quon and others that personal use would not be audited if all overage charges were reimbursed to the city. However, Quon's excessive messages were ultimately reviewed, leading him and three others to sue the city and lose at the trial court level.

The trial court ruled that the search was legal and did not violate the officer's Fourth Amendment rights.

However, the U.S. Court of Appeals for the 9th Circuit reversed the decision, ruling in part that reading the messages without a clear written policy in place, combined with Lt. Duke's statements about reimbursement for personal use, violated the officer's Fourth Amendment protection against unreasonable searches.

The Supreme Court reversed the Court of Appeals in a unanimous opinion. The court opined that it must proceed with great care when considering the whole concept of privacy expectations in communications made on electronic equipment owned by a government employer. The court further noted that courts risk error by elaborating too fully on the Fourth Amendment implications in light of the emerging technology before its role in society has become clear. Justice Scalia, in a concurring opinion, commented on the Court's attempt to qualify its opinion by stating, "The-times-they-are-a-changin' is a feeble excuse for disregard of duty."

In essence, the officer's rights were not violated because the search was motivated by a legitimate work-related purpose and was not excessive in nature. Further, the court determined the search was not excessively intrusive. Only work-related text messages were reviewed. Because the court decided that Sgt. Quon had no expectation of privacy on company equipment, the court also held that persons sending him text messages while he was on duty could not have an expectation of privacy either. Accordingly, his now former wife, a co-worker with whom he had a romantic relationship, and another coworker who also sued the city lost on appeal.

Employers can learn from this opinion, regardless of whether they are private or public. First, the Supreme Court affirmed the value of having clear policies in place that address employees' expectations of privacy. Employees will have a lesser expectation of privacy if the employer's policies are clear and explicitly communicated.

Second, the court emphasized that the nature of his law enforcement job should have put Qoun on notice that his work-related text messages could subject him to legal review.

In this writer's opinion, employers should adopt robust policies to encompass all forms of electronic communication and train on these policies frequently.

· Attorney Leonard J. Dietzen III is a partner in the Tallahassee office of law firm Rumberger, Kirk & Caldwell. His practice is devoted to the representation of private and public-sector employers in all aspects of labor and employment law. Contact him at ldietzen@rumberger.com.

SURVEY SAYS……………

The following is a summation of the 2010 Annual Satisfaction Survey that is sent to all of our retired and DROP members. A COMPLETE COPY MAY BE VIEWED ON THE WEB. The Board of Trustees would like to thank those who took the time to complete and return. Your time and input are valued.

1. How would you rate the courtesy & respect you receive from our staff?

Results: 99% Very Good to Excellent Rating

2. What would you rate the accuracy of the reports and documents received from the staff?

Results: 97% Very Good to Excellent Rating

3. In the area of communication:

a. How would you rate the pension newsletter?

Results: 95% Very Good to Excellent Rating

b. How would you rate the pension web site?

Results: 96% Very Good to Excellent Rating

c. How would you rate written communications received from the staff?

Results: 97% Very Good to Excellent Rating

d. How would you rate e-mails received from the staff?

Results: 97% Very Good to Excellent Rating

e. Over the last year, how do you feel about the lines of communication between the membership and the Board?

Results: 94% Very Good to Excellent Rating

4. How does the staff listen to you and understand your needs?

Results: 97% Very Good to Excellent Rating

5. How would you rate staff, in terms of being responsive to your requests and completing your objectives in a timely manner?

Results: 97% Very Good to Excellent Rating

6. How would you rate the pension forms used by the system?

Results: 95% Very Good to Excellent Rating

7. How would you rate the staff knowledge about the pension system?

Results: 99% Very Good to Excellent Rating

8. How would you rate the staff in terms of solving your problems?

Results: 96% Very Good to Excellent Rating

9. How would you rate the overall performance of the staff?

Results: 98% Very Good to Excellent Rating

10. How would you rate the overall performance of the Board of Trustees?

Don't Forget To Visit Us !!!

www.hollywoodpolicepensionfund.com

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Fax: 954.967.4387

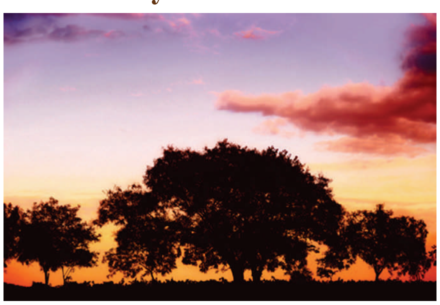
Out of Town?

Remember to call us toll free…...

866.738.4776

In Closing….

In Memory -



The Board is saddened to announce the passing of the following members….

Helen Urbanski, the widow of retired HPD member, Walter Urbanski.

Joanne Kopacka, the widow of retired HPD member, Kenneth Kopacka.

HPD Retiree **John Gaines**.

Please keep these families in your thoughts and prayers.

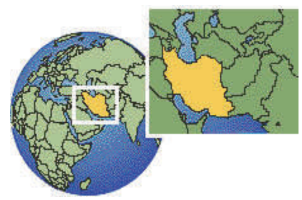
Name Change?

Members who have changed their name due to marriage, divorce, etc. must complete a "Change of Name" form which is located on-line.

If you do not have on-line access, contact the Office of Retirement directly for the form. That form must be provided to the Plan Administrator & be accompanied by the supporting legal document(s) in order to make any changes.

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!



Did you know… . In accordance with the Protecting Florida's Investment Act (Fla. Stat. 215.473), the Board is prohibited from directly investing in any companies, identified by the State Board of Administration (SBA) on its website each quarter, as a scrutinized company. Our investment Consultant as well as each of our investment managers shall review its investments each quarter to determine whether it is required to sell, redeem, divest or withdraw any publicly traded security of a company identified by the SBA as a scrutinized company and shall notify the Board each quarter, in writing, of the results of its review. Beginning no later than January 1, 2010, the Board, through its investment managers, shall sell, redeem, divest or withdraw all publicly traded securities it holds in any scrutinized company by no later than September 30, 2010 for Chapter 185 plans.