POLICE PENSION NEWS

1969 CELEBRATING 35 YEARS OF FINANCIAL EXCELLENCE 2004

A Hollywood Police Officers' Retirement System Publication

Issue 12

Date of Issue:

Forth Quarter 2004

Inside this issue:

The Board of Trustees wish you and your family a very happy holiday season and a prosperous new year!

QUARTERLY PENSION FUND SUMMARY

As of September 30, 2004, our fund had a total market value of $159,123,000. For the quarter, the fund lost $627,000.

For the quarter, the average allocation of our fund was 58.10% invested in stocks, 37.82% in bonds, and 4.08% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds). Our ongoing target for investment in stocks is 54% of the total fund.

For the quarter ended September 30th, the total fund lost -0.39% (gross), while its benchmark was up 0.63%. In the previous quarter, the fund gained 0.46%. After investment management expenses, for the quarter our fund net return was -0.49%.

The best performing sector among US stocks is telecommunications services, which rose 3.36% in the third quarter of 2004. The worst performing sector is health care, which fell –2.83%. As you may recall, the worst performing sector for last quarter was financials, which fell –2.94%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) rose 2.5% for the twelve months ended in September. The Producer Price Index (PPI) for finished goods rose 3.3% for twelve-month period ended in September.

The unemployment rate was 5.4% in September, compared to 5.6% in June. Real Gross Domestic Product (GDP) rose at an annual rate of 3.3% (final) for the second quarter of 2004, compared with an increase of 4.5% (final) in the first quarter of 2004. During the third quarter, the Federal Reserve Open Market Committee raised its target for the federal funds rate 50 basis points to 1.75%. The federal funds rate is the interest rate that banks charge each other for overnight loans.

Readers note:

Please see related stories on page two that outline the one year and long term rate of returns.

Total Fund Summary

One Year :

For the last year our fund gained 8.55% (*Gross of fees*), while its benchmark was up 9.37%. Stocks were up 12.54%, while the benchmark was up 14.84%. Bonds were up 3.49%, while the benchmark was up 3.00%. For the year ending September 30, 2004, Inverness' large cap stocks were up 13.63%, Davis, Hamilton & Jackson's growth stocks were up 4.69% and Eagle's small cap stocks were up 22.46%. The S&P 500 index was up 13.87%.

Long Term:

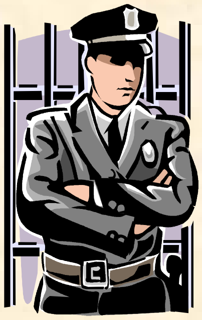
Since September 30, 1992, the fund had an average rate of return of 8.77% per year. For the last five years, the total fund has an average rate of return of 3.42% per year, *which beat* the overall combined stock and bond markets' 3.15% return. During that time, stocks averaged –0.28% and bonds averaged 7.78%, while their benchmarks averaged –0.95% and 7.43%. For the last three years, stocks had an average return of 6.87%, while bonds averaged 6.53%.

TOP 10 STOCKS

INVERNESS COUNSEL *Large Cap Core*	DAVIS, HAMILTON & JACKSON *Large Cap Growth*	EAGLE ASSET MANAGEMENT *Small Cap Core*	BUCKHEAD CAPITAL MANAGEMENT *Large Cap Value*
General Electric	General Electric	PMC Technologies	First Data
American Express	Johnson & Johnson	Amphenol Corp.	Bristol-Myers Squibb
Proctor & Gamble	Microsoft	Waste Connections	Altria
AIG	Wal-Mart	Edwards Lifesciences	Gannett
Goldman Sachs	Citigroup	Ansys Inc.	Express Scripts
Avery Dennison	Proctor & Gamble	Unit Corp.	ConocoPhillips
Honeywell	Cisco	Gray Television	Automatic Data
IBM	ExxonMobil	Kronos Inc.	Microsoft
PepsiCo	Abbot Labs	Gaylord Entertainment	National City Corp.
Devon Energy	AIG	Gtech Holdings	Wendy's

Probationary Officers

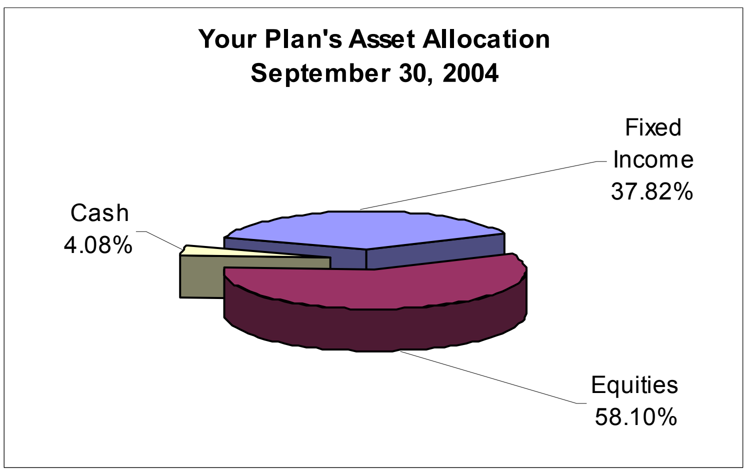
What is your buy back worth to you?

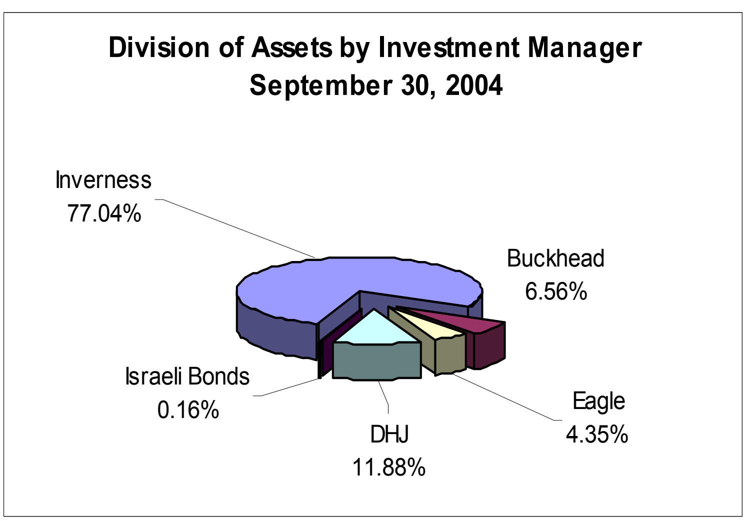


Officers that are on probation please take the time to review this information. Upon successful completion of your probationary period, you become a member of the system . That probationary period varies for each member, but in general terms is 12-18 months. You have the ability to buy that probationary time back and receive creditable service in the system up to retirement. However, once you become a member, you have only one year to purchase that time back *interest free*. Once that year elapses, the interest clock begins. Just ask some senior officers, they will tell you the interests adds up quickly.

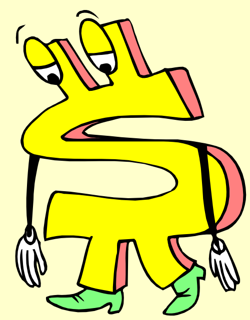
The most compelling reason to consider buying back your time immediately is the Share Plan. Receiving that past service will give you credit in the share plan. Here is a real example of an officer who knew what to do. *Officer X* completed probation in May 2004. *Officer X* bought back the time and received eleven months credit in the share plan (July 2003 to May 2004). Based on this year's distribution *Officer X* Share Account was credited $3,556.95 (*$3,260.51 due to the buy back and $296.41 for the month of June*) when the distribution was made. If the time was not bought back, *Officer X* would have only received credit for one month (June 2004) and his/her share account would have been credited with $296.41. The cost of *Officer X's* buy back was approximately $3,300.00. You make the call!

If you would like a buy-back analysis or you would like to learn more about this program, call the Office of Retirement.





13th Check



It appears at this juncture that we have exceeded our assumption rate of return of 8% by a small margin. The final rate of return is pending the results of our independent audit. Once this information has been confirmed, and exactly by what percentage (*if any*) we will be able to tell you more about this year's supplemental distribution (*13th check*).

As we have learned two years ago, the 13th check is something that can come and go. Although this may be difficult for many, please do not base your personal finances on receiving this supplemental payment.

Naturally, the Board of Trustees are saddened to give you this news, further details will follow as warranted.

COURT UPHOLDS PENSION FORFEITURE

By: Steve Cypen, Board Attorney

In a 2-1 decision, the Florida Third District Court of Appeal has affirmed an administrative order directing forfeiture of former Chief of Police Donald Warshaw's city retirement benefits. The forfeiture came about because of Warshaw's conviction of one count of mail fraud in violation of Title 18, United States Code, §1341. The federal conviction led to the Board's application of Section 112.3173 (3), Florida Statutes, which reads: Any public officer or employee who is convicted of a specified offense committed prior to retirement, or whose office or employment is terminated by reason of his or her admitted commission, aid or abetment of a specified offense, shall forfeit all rights and benefits under any public retirement system of which he or she is a member…

"Specified offense" is defined in Section 112.3173(2)(e), Florida Statutes, to include embezzlement of public funds or any theft by a public employee or officer from his other employer. As required by the statute, the Board held a hearing to determine whether Warshaw's pension rights and privileges should be forfeited. Concluding that Warshaw had been convicted of specified offense, the forfeiture was ordered. Testimony before the Board revealed that Do the Right Thing (DTRT) is a nonprofit corporation formed to assist the city in recognizing and rewarding young adults and children for their contributions to the community. DTRT is financed principally by the city. Then-Police Chief Warshaw used the powers of his public office to arrange through the Miami City Commission for city funds to be transferred to DTRT bank accounts, for use by DTRT for city purposes. Warshaw, however, used part of those transferred funds to pay for personal, unauthorized matters over a period of years. Warshaw argued that he did not embezzle or commit a theft of public funds (thus there was no "specified offense"), as he embezzled or committed a theft only of DTRT funds. The court rejected the argument as thoroughly disingenuous: Warshaw, as city police chief, arranged through the city commission for public city funds to be transferred to DTRT, which was mandated to use these city funds to carry out city functions, effectively as an alter ego of the city, and certainly as its agent. The funds never lost their character as public funds. Warshaw simply took two steps in order to have access to the public funds by (1) arranging to have the city funds transferred to DTRT, and (2) arranging for the city funds to be transferred from DTRT to him. Whether the funds remained with the city's law enforcement trust fund or were transferred to DTRT, the funds were always slotted for public uses.

The court found it unnecessary to discuss the Board's separate finding that Warshaw had also violated Section 112.3173(2)(e)(6), Florida Statutes, the so-called "catchall" provision. Warshaw v. The City of Miami Firefighters' and Police Officers' Retirement Trust, Case No. 3D03-2719 (Fla. 3d DCA, September 15, 2004).

2005 PENSION MEETING DATES

THE CITY OF HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM, BOARD OF TRUSTEES WILL BE MEETING ON THE FOLLOWING DATES.

January 28	February 18
March 25	April 29
May 20	June 24
July 29	August 19
September 30	October 28
November 18	December 16

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

Dates and times are subject to change

MILBERG WEISS RETAINED AS PORTFOLIO MONITOR

The Board of Trustees is pleased to announce that they have selected Milberg Weiss as its Portfolio Monitor. The Board has taken a strong position by retaining Milberg Weiss to combat deceptive business practices by publicly traded companies owned by the system.

Congress passed Section 10(b) of the Exchange Act which prohibits the use of "manipulative or deceptive" devices "in connection with" the purchase or sale of securities.

Corporations can violate Section 10(b) by making false statements in publicly available documents or by failing to disclose material facts about finances or accomplishments. Once the market is made aware of these "fraudulent misrepresentations or omissions," market forces (e.g. sell-off of stock) will cause the price of the stock to be adjusted downward. This means that through no fault of its own, an investor will be injured as the value of its investment in a particular stock is diminished.

There are thousands of publicly traded companies and each year there are on average in excess of 200 violations of Section 10(b) which have caused investors to be injured. These losses are not insignificant. In 2003 alone, litigation brought by Milberg Weiss recovered in excess of $2.7 billion for investors who were injured as a result of securities fraud.

Because the injury to investors flows from a common wrong, the law allows for securities fraud cases to be brought on a class action basis where one investor (such as our system) brings suit on behalf of all who have been injured.

Recognizing the importance of securities fraud litigation in vindicating the rights of investors and protecting the integrity of the markets, in 1995 Congress passed the Private Securities Law Reform Act (PSLRA). By requiring that the investor with the largest damages take the lead in any securities class action lawsuit, Congress placed control of securities litigation in the hands of institutional investors with the largest stakes in the outcome of the litigation.

The Congressional mandate (through the PSLRA) that institutional investors take the lead in securities cases is consistent with historic legal mandates imposed on pension and health and welfare fund trustees. Specifically, one of the fundamental common law duties of a fund trustee is to preserve and maintain trust assets.

Responding to obligations of funds in light of the PSLRA, the United States Department of Labor has taken the position that fund trustees must consider the option of litigation to recover damages sustained by securities fraud. Specifically addressing the question of whether a fund should serve as a "lead plaintiff" in a securities class action, the DOL has stated:

Not only is a fiduciary not prohibited from serving as a lead plaintiff, the Secretary believes that a fiduciary has an affirmative duty to determine whether it would be in the best interest of the plan to do so. . .[It] may not only be prudent to initiate litigation, but also a breach of a fiduciary duty not to pursue a valid claim. This position arises out of ERISA's prudence requirement, which encompasses "several narrower duties which have evolved under the law of trusts" including "the duty to take reasonable steps to realize on claims held in trust."

How the Monitoring Program Works

Participation in the Milberg Weiss monitoring program allows trustees to get usable information in order to assess options with regard to addressing securities fraud. The program is simple:

The fund has executed a Monitoring Agreement which is at no cost and is terminable at will without any penalty or cost.

Through a "custodian's letter" the fund directs its custodian of records to transmit "transactional data" to Milberg Weiss offices at One Pennsylvania Plaza in New York City.

Milberg Weiss counsel and financial analysts regularly review market information for downtrends in stock prices in combination with other conduct that may indicate the existence of market fraud.

Where the firm determines the existence of an actionable fraud case, it will immediately alert the fund if the fund's losses are substantial enough to merit consideration for serving as a lead or co-lead plaintiff. The decision to serve as a lead plaintiff is at the discretion of fund trustees and independent of the monitoring agreement. Information provided through the monitoring agreement and through consultation with Milberg Weiss counsel provides trustees with an informed basis to evaluate whether litigation is in its best interest.

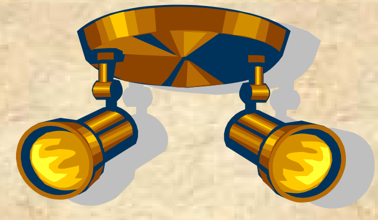
If the fund's loss is not sufficient to merit lead plaintiff status, Milberg Weiss will alert the fund of its losses through a quarterly monitoring report. At any time, a fund may ask for a damage analysis for any holding that is the subject of a securities fraud case.

We will keep you posted should the need for litigation arise!

Milberg Weiss Representative Recoveries

Holocaust Slave Labor and Swiss Banks - $6 Billion, Exxon Valdez - $5 Billion, Prudential Ins. Company - $4 Billion, NASDAQ Market-Makers Antitrust Litigation - $1.027 Billion, Initial Public Offering Securities Litigation - $1 Billion, American Continental Corp/ Lincoln Savings & Loan - $1 Billion, Washington Public Power Supply Systems Securities Litigation - $775 Million, Lucent technologies Inc. Securities Litigation - $600 Million, Rite Aid Securities Litigation - $320 Million, Oxford Health Plans, Inc. - $300 Million, Aetna Inc. Securities Litigation - $82.5 Million

Hollywood Police - Stock Spotlight



Whole Foods Market (Ticker : WFMI)

Sector: Consumer Staples

Industry: Food - Retail

Market Capitalization: $5.2 Billion

Natural food supermarkets

The company continues to benefit from strong same-store sales growth driven by consumer demand for natural and organic foods, most notably perishables such as meats and produce. The company has recently announced that it will be embarking upon an initiative to accelerate new store development and square footage growth over the 2005-2006 timeframe. The initiative is driven by a combination of better-than-expected operating results from recently opened stores and a larger addressable market opportunity than the company had originally identified.

Average cost in Hollywood Police portfolio: $49.75 per share, currently trading at $84.73

Amphenol Corp. (Ticker: APH)

Sector: Technology

Industry: Electronic Systems and Controls

Market Capitalization: 2.91B

Comments: Designer, marketer, and manufacturer of electrical, electronic, and fiber optic connectors, interconnect systems, and coaxial flat-ribbon cable.

Average cost in Hollywood Police portfolio: $24.41, currently trading at $33.05

Global Payments, Inc (Ticker: GPN)

Sector: Services

Industry: Business Services

Market Capitalization: 1.96B

Comments: Animal healthcare services company operating networks of veterinary diagnostic laboratories and full-service animal hospitals.

Average cost in Hollywood Police portfolio: $45.98, currently trading at $51.05.

General Dynamics (Ticker : GD)

Sector: Industrials

Industry: Aerospace/Defense

Market Capitalization: $19.9 Billion

General Dynamics is a major defense contractor and is also one of the largest makers of corporate business jets through its Gulfstream division. Increased demand for business jets via fractional share ownership and increasing defense demands should spur future revenue growth.

Average cost in the Hollywood Police portfolio is $85.54 and it is currently trading at $99.58.

Florida sales tax could be deductible

By Tamara Lytle and Jerry W. Jackson
Sentinel Staff Writers

October 12, 2004

WASHINGTON -- A typical Florida taxpayer could save $300 or more on 2004 and 2005 returns after the U.S. Senate on Monday approved a federal income-tax deduction for the state sales tax.

Floridians have complained for years that residents of other states can deduct the income taxes they pay to their state governments when they file a federal return. But because Florida and seven other states have no income tax whatsoever, they don't get a similar benefit. "Now Florida can have parity with the other . . . states," said Sen. Bill Nelson, D-Fla., who supported the bill.

The deduction could be used only by people who itemize their federal returns. About 75 percent of Florida's federal taxpayers do not file the more complex itemized returns, instead opting for the standard deduction and shorter tax forms.

President Bush is expected to sign the bill soon. Both political parties are trying to woo voters in Florida and other swing states such as Nevada and Washington, which will also benefit from the provision.

The $5 billion national sales-tax measure is part of a larger, $137 billion corporate-tax bill the Senate approved 69-17.

Gov. Jeb Bush, who lobbied for the deduction, said the $300 a year the bill would save the average taxpayer would add up to about $730 million a year in the state.

Michael Bird, federal affairs counsel for the National Conference of State Legislatures, said he estimates that the reduced taxes could add up to as much as $350 to $600 per federal income-tax filer.

The Internal Revenue Service has not yet created the tax tables for the deduction, so precise figures are not yet known. "It's not chump change," said Bird, whose organization fought for the tax break.

Floridians pay an average of about $862 per year in sales taxes, or $2,155 per family, according to Florida TaxWatch, a nonprofit tax-research and lobbying group that favored the deduction. "It's a matter of fairness. All Americans should be treated the same," said Dominic Calabro, TaxWatch president.

Floridians used to be able to deduct their sales tax until a broad national reform bill in 1986. Since then, only state income taxes, not sales taxes, could be deducted.

"It's been a long time in coming," said U.S. Rep. Cliff Stearns, R-Ocala. He organized a letter to congressional leaders pushing for the sales-tax deduction and won the support of all 27 Floridians in the House and Senate. "We had to go to the wall and say we might not vote for this bill unless we got it in," Stearns said. "It wasn't fair. We just felt we had to make a stand."

The provision was added to a bill that became a lobbyists' battleground -- a tax bill that started as a simple fix to an international-trade dispute and became a mishmash of special-interest tax breaks. Tobacco farmers, NASCAR track owners, energy companies and manufacturers are among the others who will benefit.

But Florida lawmakers spent most of their energy pushing for the sales-tax deduction.

The measure would give any U.S. taxpayer the option of a deduction for either state and local income taxes or state and local sales taxes. In most cases, people who live in states with income taxes would be better off taking that deduction, experts say.

Other than Florida, Nevada and Washington, the states with no income tax are Alaska, South Dakota, Tennessee, Texas and Wyoming.

With the federal deficit looming and heavy competition from other lawmakers pushing their own favored tax breaks, the sales-tax states could win only a two-year deduction. After that, Floridians would have to go back to the way the tax system has operated for the past 18 years.

"We were lucky to get two years," Nelson said. He and Stearns both said they were optimistic that the tax break eventually will be extended beyond two years or made permanent.

Sen. Bob Graham, D-Fla., who missed the Senate vote because of a scheduling conflict, said he was disappointed the move isn't permanent.

But, he said, "I am gratified that residents of Florida and other states that have no state income taxes will be getting more-equal treatment under the federal code."

Under the sales-tax deduction, taxpayers would have two choices: They could save their receipts for the year and deduct on their federal return the amount they actually paid in sales taxes, or they could use the yet-to-be-created IRS table of average deductions.

That table will take into consideration a taxpayer's income and other factors. Taxes on certain big-ticket items, such as cars or boats, could be added to that average amount.

Experts said the new tax break is likely to affect middle- and upper-income Floridians most -- especially because most lower-income people don't file itemized federal returns. "You don't see a lot of people in lower brackets itemizing. And they're not making those big durable-goods purchases either," said Charles Fitzgerald, a Maitland certified financial planner. "More people will itemize now" to take advantage of the new tax break, Fitzgerald predicted. Still, most would not because the standard deduction has gone up through the years, and many families do not have enough in mortgage interest and other deductions to make itemizing worthwhile. "This favors middle- and upper-income families," Fitzgerald said.

But Rep. Tom Feeney, R-Oviedo, said many of the people who don't itemize don't pay any federal taxes. Feeney said the new tax break for those who do itemize would spur consumer spending, especially for expensive items such as appliances and equipment.

The change would be good news for Florida's economy, said Steve Birtman, executive director of the Florida office of the National Federation of Independent Businesses. "This makes the recovery from the hurricanes easier," Birtman said. "It's an economic no-brainer." Small-business owners in particular would benefit because for many their revenue is taxed as personal income rather than corporate income, Birtman said, and any tax savings they can achieve would benefit the economy.

"We have serious issues to deal with -- higher insurance costs, and the [costs of] rebuilding," he said. "So if we don't have to kick in as much on federal taxes, that helps."

Growth Market Commentary

By: Robert C. Davis, CFA, Davis Hamilton Jackson (with revision)

In March of 2000, I gave a speech to a large group of public retirement fund trustees. At that time the "Value" investment style had underperformed both the S&P 500 and the "Growth" style for many years.

Pressure was intense for trustees to fire so-called value managers and put more money in the growth style. The point of my talk was to advise the group against that move. It was the bottom of the relative performance of that investment style.

The point of this letter is to advise against firing so-called growth managers. I don't know if it is the end of the relative underperformance of that style of equity investing. Just as in March of 2000, I can't predict the future. However, I think probabilities no longer favor Value over Growth.

One major tenant of investing that professionals generally agree on is that, in a relatively efficient market like the U.S. Stock Market, mean reversion works. That is, individual stocks, sectors, styles, etc. revert to average market returns over longer periods of time. Over shorter periods, emotions come into play as they did in the late 1990's when speculation made Growth spike to unreasonable valuations.

After a period of almost five years, and an out performance of Value versus Growth of over 130% from the relative bottom of the value index in 2000, I believe that the probabilities that Value continues to outperform Growth have diminished considerably.

I also believe that this is borne out by the relative valuation of the largest industry groups in the so-called growth world. In the spring of 2000, technology was ridiculously overvalued. Forecasts for the forward growth rate of the sector were insanely optimistic. Valuations had risen to the point that two-thirds of the growth index was Technology. The S&P 500 Technology weighting had risen to 35%. Currently, valuations of technology stocks have shrunk to the point that they are 26% of the growth index and about 15% of the S&P 500. This percentage of the S&P 500 is just about where it started before the big run in technology stocks in the late 1990's.

Currently, the technology stocks in the Russell 1000 Growth Index are selling at a Price/Earnings ratio of about 20x with an expected average earnings growth rate of 16%. This compares to a P/E ratio of 16x for the entire S&P 500 with an expected growth rate of 10-12%. The current relative multiple of the technology sector is not unreasonable, considering the growth rate differential versus the overall market.

A similar situation exists in one of the other large sectors of the growth world. Healthcare is close to 25% of the Russell 1000 Growth Index and has a P/E (**Price/Earnings*) of about 17x (*x = times)* and an expected growth rate of 15%. This is one of the lowest relative multiples the sector has sold at in the last ten years. In fact, large capitalization pharmaceutical companies make up 13% of the index and are selling at relative valuations not seen since 1993 when they were under attack by the Clinton Administration. That proved to be a great buying opportunity.

Unlike 2000, Wall Street expectations for future earnings growth for these two important groups now seem reasonable. The relative valuation could even be considered a bit low.

We are growth stock managers. When I gave my talk in March of 2000, I was trying to be objective and give our clients my best advice against putting more money into Growth when expectations and valuations for growth stocks were way too high. Now that expectations and valuations are more "normal," my advice is not to move out of Growth. Returns will revert to the mean. Growth will come back!

** Price/Earnings Ratio (P/E): Price of a stock divided by its earnings per share. The P/E ratio may either use the reported earnings from the latest year (called trailing (P/E) or employ an analyst's forecast of next year's earnings (called forward P/E). The trailing P/E is listed along with a stock's price and trading activity in the daily newspaper. For instance, a stock selling for $20.00 a share that earned $1.00 last year has a trailing P/E of 20. If the same stock has projected earnings of $2.00 next year, it will have a forward P/E of 10. Source: Baron's, Fifth Edition, Dictionary of Finance and Investment Terms*

The Board of Trustees congratulates our most recent *Certified Public Pension Trustee* !!

John Barbuto, CPPT

John was recently awarded the CPPT "*Certified Public Pension Trustee*" certification through the Florida Public Pension Trustees Association. John proudly joins the ranks of several other past and present Board Trustees.

The CPPT certificate is attained by attending educational seminars and conferences and includes examinations on the material. The educational seminars include such topics as Asset Allocation, Capital Markets Stocks/Bonds, Fiduciary Responsibilities, Economics, Pension Fundamentals, Performance Reporting, Legal Issues and other Public Pension Business.

INVESTMENTS IN THE DIPLOMAT HOTEL COST TRUSTEES THEIR POSITIONS

In settlement of litigation instituted by the Department of Labor claiming violation of the Employee Retirement Income Security Act, four Trustees on the Board of the Plumbers and Pipefitters National Pension Fund have stepped down from their positions. The four also agreed to pay almost $11 Million in restitution and civil penalties connected with the imprudent management of the Fund's $800 Million investment in the Diplomat Hotel project, as alleged by DoL. In the suit, DoL claimed that union officials failed to conduct feasibility studies or market analyses and failed to maintain adequate financial controls over construction costs, while paying excessive fees to vendors on the project.

Congratulations to our latest Drop Members

Mark Smith	11-01-04
Gary Mone	11-01-04

Don't Forget To Visit Us !!!

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Email: info@hollywoodpolicepensionfund.com

From the Desk of Dave Williams:

Just a short note to wish you and your family the very best over this holiday season, and for the new year that is rapidly approaching us.

I sincerely appreciate the continued trust and support given to me by the Board of Trustees. I also want to thank the active and retired members for your kind words as well. Knowing that the efforts made on your behalf are so highly valued, makes all the hard work worthwhile.

I leave you with one final note to reflect upon during this beautiful holiday season. *"Let us be grateful to people who make us happy, they are the charming gardeners who make our souls blossom"*

Proust, Valentin-Louis-Georges-Eugène-Marcel

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.

Odds and Ends

Retiree Reunion

The Board of Trustees would like to congratulate the Hollywood Police Alumni Association on yet another successful members reunion. The gathering of 105 members took place October 1-3rd in Ocala. Events included a golf tournament, a motorcycle tour of the Ocala countryside and time to look back at the good times and not so good times.

Share Accounts

The Board of Trustees have made the 2004 distribution to your respective share accounts. Your annual share statements have also been sent out. If you have any questions about the program please call the pension office. Don't forget to check your account balance online!

Confirmation of Retirement

The Board of Trustees have recently sent out "Retirement Confirmations" to all of the inactive retirees. This process is very important and in fact an integral component of our internal controls. In recent published reports, a large public pension system was found to have been paying 26% of its monthly pension payments to deceased members. While we are a smaller system errors can happen. For that reason, it is important that these forms are properly completed (by having the document notarized) and returned. The forms are turned over to our Auditor, Koch, Reiss who complete their own review.

The Board of Trustees want to *"Thank you"* for your continued cooperation!

Commission Recapture (*Update*)

What does it mean?

The Board of Trustees authorized our investment managers to trade stocks through a designated broker, if it is in the best interest of the system (Best execution, etc.).

As a result of the trades executed through that broker, a rebate is made to the system from the trade commission. The money that would normally be written off as part of business is now put back in the fund to pay for trustee education. Since this program was instituted, $63,173.39 has been refunded to the system. In this past fiscal year which ended 09-30-04, the system recovered $41,009.63 in brokerage fees.

The Board also recently signed on another brokerage firm which should significantly increase our recapture program.