



# Police Pension News

A Hollywood Police Officers' Retirement System Publication

**Issue 18**  
**Date of Issue:**  
**Second Quarter 2006**

## QUARTERLY PENSION FUND SUMMARY

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On March 31, 2006, our fund had a total market value of *\$181,076,000*. For the quarter, the *fund gained \$6,152,000*.

For the quarter ended March 31<sup>st</sup>, the total fund gained 3.52% (gross), while our benchmark was up 2.32%. In the previous quarter, the fund gained 2.76%. After investment management expenses, for the quarter our *fund net return was 3.42%*.

For the fiscal year to date our fund gained 4.92% (net), beating our benchmark, which was up 3.74%. Stocks are up 8.42%, while the benchmark is up 7.11%. Bonds are down -0.03%, while the benchmark is down -0.15%.

For the fiscal year to date Inverness' large cap stocks are up 8.62%, Davis, Hamilton, & Jackson's growth stocks are up 6.10%, Buckhead's value stocks are up 7.34% and Eagle's small

cap stocks are up a stellar 13.71%. The S&P 500 index is up 6.38%.

For the quarter, the average allocation of our fund was 61.4% invested in stocks, 35.4 in bonds, and 3.2% 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 first quarter of 2006, the best performing sector among US stocks was telecommunications services, which rose 13.39% and the worst was utilities, which declined -2.05%.

Among the major economic indicators, the Consumer

Price Index (CPI-Urban) rose 3.4% for the twelve months ended in March. In the first quarter, consumer prices rose at a seasonally adjusted annual rate of 4.3%. The Producer Price Index (PPI) for finished goods rose 3.5% for twelve-month period ended in March.

The seasonally adjusted unemployment rate was 4.7% in March, compared to 4.9% in December. Real Gross Domestic Product (GDP) rose at an annual rate of 1.7% (final) for the fourth quarter of 2005, compared with an increase of 4.1% (final) in the third quarter of 2005.

During the first quarter of 2006, the Federal Reserve Open Market Committee raised its target for the federal funds rate 50 basis points to 4.75%. The federal funds rate is the interest rate that banks charge each other for overnight loans. ☺

**THANK YOU**

**Cathleen Marano & Fred Okamoto**  
*thank you for your continued support for their reappointed to the Board of Trustees*

## Total Fund Summary



### Trailing Year (4/1/05 to 3/31/06)

For the year our fund gained 9.51%, while thumping our benchmark which was up 8.04%. Stocks are up 14.62%, while the benchmark was up 13.23%. Bonds are up 2.05%, while the benchmark was up 2.04%. For the year Inverness' large cap stocks are up 15.28%, Davis, Hamilton, & Jackson's growth stocks are up 11.38%, Buckhead's value stocks are up 9.04% and Eagle's small cap stocks are up 25.17%. The S&P 500 index is up 11.73%.

### Long Term

Since September 30, 1992, the fund has an average rate of return of 8.86% (gross) per year. For the last five years, the total fund has an average rate of return of 6.32% per year, which out-performed the overall combined stock and bond markets' 4.94% return. During that time, stocks averaged 6.70% and bonds averaged 5.37%, while our benchmarks averaged 4.27% and 4.97%. For the last three years, stocks had an average return of 17.44%, while bonds averaged 3.08%.

TOP 10 STOCKS

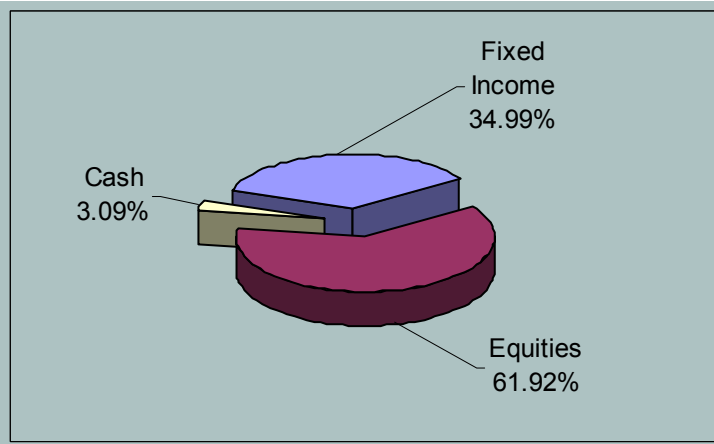
<b>INVERNESS COUNSEL</b>  <i>Large Cap Core</i>	<b>DAVIS, HAMILTON &amp; JACKSON</b>  <i>Large Cap Growth</i>	<b>EAGLE ASSET MANAGEMENT</b>  <i>Small Cap Core</i>	<b>BUCKHEAD CAPITAL MANAGEMENT</b>  <i>Large Cap Value</i>
McDermott Int'l. GE Honeywell Procter & Gamble Corning Harris Schlumberger Roper PepsiCo Alliant Techsystems	Microsoft Procter & Gamble PepsiCo General Electric Yahoo American Express Franklin Resources AIG Lowe's Companies Medco Health	Vail Resorts Amphenol FMC Technologies Arch Capital Ansys Stancorp Financial Forward Air Blackbaud Affiliated Managers Dril-Quip	Altria Group J.P. Morgan Chase NY Community Bank Oracle Home Depot Microsoft AIG General Dynamics Allied Waste Pitney Bowes

## WEST VIRGINIA TEACHERS SCRAP DC PLAN FOR DB PLAN

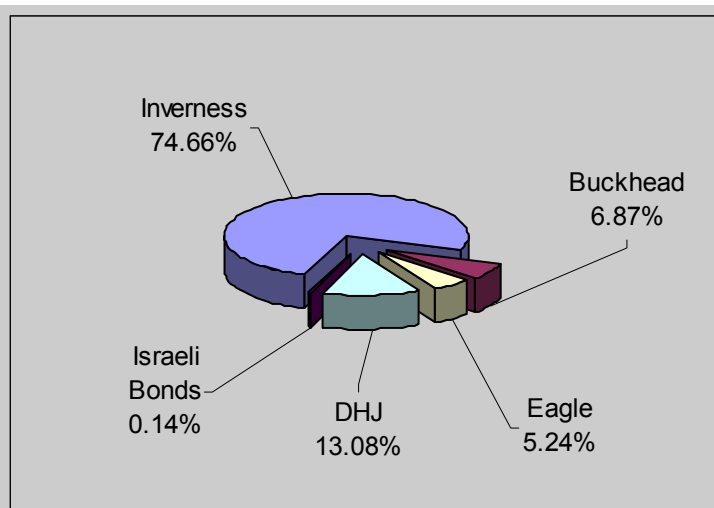


The National Conference on Public Employee Retirement Systems reports that West Virginia Teachers have voted to abandon their defined contribution accounts and return to the secure retirement provided by a defined benefit plan. The vote was almost 2/3 in favor of the DB plan. In 1990, the State Legislature, in a move designed to “save money,” decided to eliminate the DB plan for new teachers and place them in a DC arrangement, with individual accounts. The state soon found that this move neither saved money nor provided teachers with adequate retirement income. Recruitment of teachers and loss of experienced teachers to surrounding states was a concern. So in 1995 the State Legislature abolished the DC plans for new hires and placed them under the DB plan. The change from DC to DB saved the state money and provided a better plan and guaranteed retirement income for the state’s teachers. However, some teachers were left in limbo. They were given the choice as a group: either stay in the DC plan or return to the DB plan. The Legislature set two thresholds for the vote. A majority of teachers had to vote and then a majority of those voting had to approve returning to the DB plan. Both conditions were easily met. *Compliments of: Steve Cypen, Board Attorney*

### Plan Asset Allocation as of March 31, 2006



**Division of Assets by Manager  
as of March 31, 2006**



## Retiree Corner



**Congratulations to our latest Retiree**

***Randy Shipley***

***02-24-06***

**Congratulations to our latest  
DROP Members**

***Albert Busk***

***05-01-06***

***Samuel “Chip” Osborne***

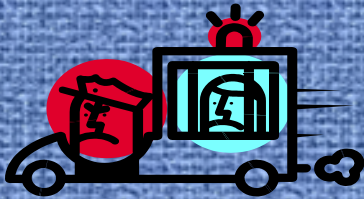
***05-01-06***

***Ellery Wilson***

***04-01-06***



# Welcome New Pension Members!



**Kristopher Doyle**  
**03-29-06**

**Karen LaFrance**  
**03-29-06**

**&**

**Returning Member**  
**Rush Rudolph**  
**04-19-06**

**We all wish you  
continued  
success!**

## STOCK SPOTLIGHT

### General Electric (Ticker: GE)

Sector: Industrials

Industry: Industrial Conglomerates

Market Capitalization: \$361 Billion

General Electric is a conglomerate that manufactures jet engines, gas turbines, locomotives, water filtration products, medical imaging systems, home appliances, engineered and other industrial products. The firm also provides consumer and commercial financial services. GE is a play on global infrastructure demand. Approximately one-half of GE's revenue comes from the company's international operations that are expected to grow at or near double-digit levels over the next five years. An initial position was recently taken in the Hollywood Police portfolio at a price of \$34.45.



### Dril-Quip Inc. (Ticker: DRQ)

Sector: Basic Materials

Industry: Oil and Gas Equipment & Services

Market Capitalization: 1.48B

Comments: Designs, Manufactures, sells and services highly engineered offshore drilling and productions equipment well-suited for deepwater, harsh environment and severe service applications.

Average cost in the Hollywood Police portfolio: \$39.73, currently trading at \$76.14



### Education Management Corp. (Ticker: EDMC)

Sector: Services

Industry: Education and Training Services

Market Cap: 3.15B

Comments: one of the largest providers of private post-secondary education in North America, with campuses in 24 states as well as two Canadian provinces.

Average cost in the Hollywood Police portfolio: \$32.04, currently trading at \$41.79.



## 185 Share Account Q and A

The following are some commonly asked questions by members about the Share Plan (185 money). The Board hopes you find this helpful.

### **Where does the money come from and how did we get the benefit?**

*The funds come from a state excise tax placed on all automobile insurance policies written in the state. The funds are divided up based on the policies written within the geographic boundaries of each city. The funds are intended to be used to pay for minimal state required benefits. Once the minimum standards are met, the funds are to be used to purchase additional benefits.*

*In the last PBA Contract, the PBA/City agreed to establish the Share Plan. Because of other pension concessions made (fresh start) at that time, the city saved approximately \$750,000.00 in pension contributions.*

### **When are new members eligible for their first distribution?**

*Members are automatically enrolled into the Share Plan upon entering the pension system. Entry into the system comes upon passing your probationary period. Based on the member's decision to buy back his/her probation time affects share credit.*

### **When does the money get posted to each account?**

*Distributions are made to the Share accounts on an annual basis. Historically the deposits have been made on September 1<sup>st</sup>.*

### **How many years has the benefit been in effect?**

*The first Share distribution was made on September 1, 2002.*

### **If a member received all 4 years of the share distributions, how much money is in their individual share account?**

*The value of share account for a member that received all four payments is valued at \$16,190.98, as of March 31, 2006.*

### **Does the share account draw interest in the account?**

*Yes, each month the personal accounts are posted with the investment gains (or losses) from the previous month, the same as the pension system.*

### **Does the 185 money grow as more vehicles are registered in the City of Hollywood and car insurance premiums increase?**

*Yes, as the funds are based on an excise tax for auto insurance premiums, one could conclude the distribution would increase. The amount received has basically doubled in the last ten years.*

### **How can I find out what my account is worth?**

*Annual statements are sent out to each member after the distributions are made. The Board of Trustees has also set-up a very comprehensive web site where each member can access his/her account on-line at any time ([www.hollywoodpolicepensionfund.com](http://www.hollywoodpolicepensionfund.com)). For details call ext 4395.*

### **How can I find out more about this program?**

*Share Plan booklets are available at the pension office or on-line at [www.hollywoodpolicepensionfund.com](http://www.hollywoodpolicepensionfund.com)*

### **What happens to this money should I die prior to retirement?**

*It is very important that you have an up to date beneficiary form on-file, with the pension office. Your share account balance will be paid in accordance with your beneficiary form.*

### **What happens to the money when I leave?**

*Pursuant to current Share Plan policy, members have one-year from separation to take their share distributions. The funds made be paid to you directly and/or rolled over into another tax-qualified account. You are encouraged to seek the advise of a tax advisor and/or a financial advisor before making such a decision.*

## **Ponder This!**

Dunkin' donuts has much better coffee than they do doughnuts.





Don't Forget To Visit Us !!!

[www.hollywoodpolicepensionfund.com](http://www.hollywoodpolicepensionfund.com)

#### THE BOARD OF TRUSTEES

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Cathy Marano, Secretary

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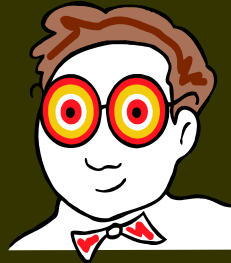
Phone: 954.967.4395

Out of town? - Please Call Toll Free: 866.738.4776

Fax: 954.967.4387

Email: [info@hollywoodpolicepensionfund.com](mailto:info@hollywoodpolicepensionfund.com)

## Attention Active Members!



Did you know that you can estimate your own retirement benefit and DROP balance? Visit your award winning web site and go to the *pension calculator* page. Once there, simply enter the required data to see the results right before your eyes!

#### 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...



### You Ask, We Respond!

Recently, a member called our office and asked why his social security number had to appear on his monthly retirement statement from the bank.

Noting all the incidents of identity fraud throughout the nation, gave rise for the Board to look into this matter of mutual concern.

After explaining the issue to our plan custodian, the Board was advised the social security number could be extracted from the statement, and it subsequently was. The Board would like to thank all concerned. A special thanks goes to *Ann Orsek* from *Fiduciary Trust* for making this matter a priority and for attending to the needs of our members.

## Call Us Toll Free!

Active members on vacation, or Retirees who live outside the calling area. We are still receiving long distance toll calls from members far away. Please keep this in mind next time you call us from out of town. The Board established a **toll free** number for you to call us. Please try to remember to use this toll free number to avoid additional telephone costs. **The number is 866-738-4776.**

## Help Wanted

Retirees or spouses, are you looking for full or part time work? *Guardian Security* called looking for customer service representatives here in their Hollywood Office. The contact person is Harold Ginsburg, 954.926.5200. Full benefit package also being offered.



## Direct Deposits - Retirees



The Board would like to remind you that if the first of the month falls on a holiday or on the weekend, your payment will be made on the first business day thereafter.

## 13th Check Update

As many of you know, *Fiduciary Trust* is our plan custodian. In years past, FTIS sent separate 13th check payments. This year the vendor that FTIS uses to produce the checks required both your normal monthly retirement amount and your 13th check amount be combined into one payment. This was done with out our knowledge, but at the end of the day the payment was made to you as promised! The Board wanted to let you know that if we knew the payment was going to be merged, a notice would have been sent out. Furthermore, FTIS will notify us next year if there will be another change. 😊