



POLICE PENSION NEWS

1969

CELEBRATING 35 YEARS
OF FINANCIAL EXCELLENCE

2004

A Hollywood Police Officers' Retirement System Publication

Issue 10

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Second Quarter 2004

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QUARTERLY PENSION FUND SUMMARY

As of March 31, 2004, our fund had a total market value of \$158,703,000. For the quarter, the fund gained \$2,489,000.

Since September 30, 1992, the fund has an average rate of return of 9.16%

For the quarter, the average allocation of our fund was 60.9% invested in stocks, 35.3% in bonds, and 3.8% 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 March 31st, the total fund gained 1.58%, while its benchmark

was up 2.48%. In the previous quarter, the fund gained 6.78%. After investment management expenses, for the quarter our fund's net return was 1.48%.

The best performing sector among US stocks is consumer staples, which rose 5.14% in the first quarter of 2004. The worst performing sector is information technology, which fell - 2.61%. As you may recall, the worst performing sector for last quarter was utilities, which rose 6.89%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) rose 1.7% for the twelve months ended in March. In the first quarter, consumer prices rose at a seasonally adjusted annual rate of 5.1%. The Producer Price Index (PPI) for finished goods rose 2.1% for twelve-

month period ended in February.

The unemployment rate was 5.7% in March, compared to 5.6% in February. Real Gross Domestic Product (GDP) rose at an annual rate of 4.1% (final) for the fourth quarter of 2003, compared with an increase of 8.2% (final) in the third quarter of 2003. During the first quarter, the Federal Reserve Open Market Committee maintained its target for the federal funds at 1.0%. The federal funds rate is the interest rate that banks charge each other for overnight loans.

Did you know that the Federal Reserve was established in 1913 to regulate the U.S. monetary and banking system? The governing board members are appointed by the President of the United States and confirmed by the Senate.



The Board of Trustees would like to thank Frank McGarry for his service to the System as a Pension Trustee.

Total Fund Summary



One Year : For the last year our fund gained 18.71% (*Gross of fees*), while its benchmark was up 22.04%. Stocks were up 31.16%, while the benchmark was up 37.33%. Bonds were up 6.64%, beating the benchmark which was 5.73%. For the year ending March 31, 2004, Inverness' large cap stocks were up 31.43%, Davis, Hamilton & Jackson's growth stocks were up 23.84% and Eagle's small cap stocks were up a stellar 41.17%. The S&P 500 index was up 35.12%.

Long Term: Since September 30, 1992, the fund has an average rate of return of 9.16% per year. For the last five years, the total fund has an average rate of return of 3.91% per year, which beat the overall combined stock and bond markets' 3.18% return. During that time, stocks averaged 0.69% and bonds averaged 7.58%, while their benchmarks averaged -0.88% and 7.39%. For the last three years, stocks had an average return of 3.85%, while bonds averaged 8.14%.

TOP
10
STOCKS

INVERNESS COUNSEL <i>Large Cap Core</i>	DAVIS, HAMILTON & JACKSON <i>Large Cap Growth</i>	EAGLE ASSET MANAGEMENT <i>Small Cap Core</i>	BUCKHEAD CAPITAL MANAGEMENT <i>Large Cap Value</i>
American Intl. Group American Express Proctor & Gamble Goldman Sachs General Electric PepsiCo Intel Walt Disney IBM Apollo Group A	Pfizer Cisco ExxonMobil Microsoft Merrill Lynch General Electric Citigroup, Inc. PepsiCo Intel Sysco	Amphenol Gray Television Gaylord Entertainment Arbitron Stancorp Financial Getty Images Stericycle Varian Ametek Gtech Holdings	Altria Group First Data RR Donnelley ConocoPhillips VF Corporation May Dept. Stores Sherwin-Williams Express Scripts Home Depot JP Morgan Chase

Probationary/ First Year Buy-Backs

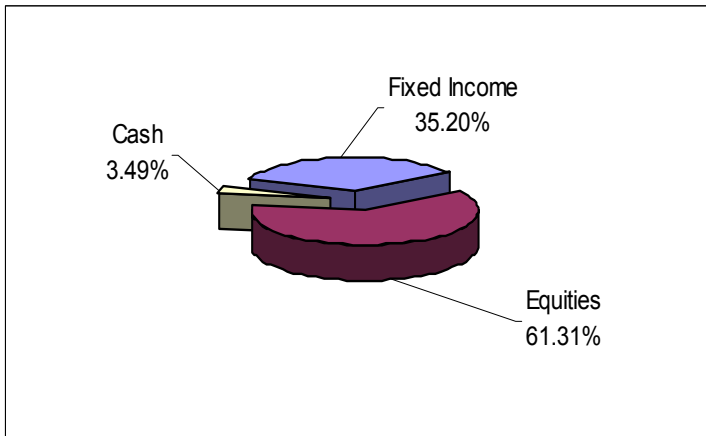
Active members are again being reminded that probationary service time can be bought back at any time before you retire or enter the Drop. Once you complete probation, you have one year to pay for this time interest free in one lump sum. When that year has elapsed, interest begins to accrue from the date your probation was successfully completed and you enter the pension plan as a member.

When to buy-back your time is a personal financial decision. The average buy-back is running about \$4,500.00. Factor in the 8% interest rate and you can see the cost rises quickly.

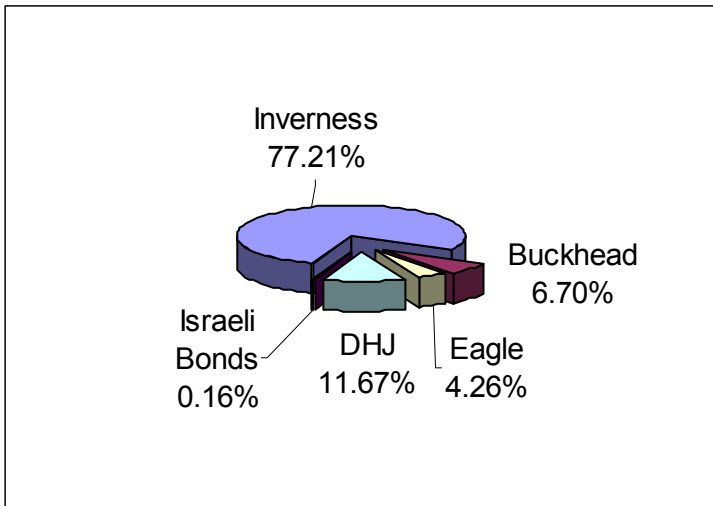
Buying back your time immediately, also gives you credit in the share plan. For example, lets say a member completes probation in May 2004. If the probationary time is bought back immediately, the member in this example would receive eleven months credit in the share plan (July 2003 to May 2004). Based on last year's distribution this would be worth \$3,361.82. If the time was not bought back, this member would only receive credit for one month (June 2004) and his/her share account would only be credited with \$305.62.

If you would like a buy-back analysis, call the Office of Retirement. *Please see a related buy-back article on page 4 of this publication.*

Plan Asset Allocation as of March 31, 2004



Division of Assets by Manager as of March 31, 2004



Retiree Corner



Congratulations to our latest Retiree

Barbara Mannix 04-01-04

*Congratulations to our latest
Drop Members*

Jeffrey Marano 04-01-04

Timothy Mannix 04-01-04

Hollywood Police - Stock Spotlight

Apollo Group (Ticker = APOL)

- Sector: Services, Diversified Commercial
- Industry: Post Secondary Education
- Market Capitalization: \$15.1 Billion
- Apollo Group Inc. Provides higher education programs for working adults. Through its subsidiaries, the company offers programs and services at over 70 campuses and over 120 learning centers in more than 35 US states, Puerto Rico and Canada. Apollo Group operates the University of Phoenix, the College For Financial Planning, Western International University, and the Institute for Professional Development. Average cost in Hollywood Police portfolio: \$30.53 per share, currently trading at \$85.45.

Dean Foods (Ticker = DF)

- Sector: Consumer Staples
- Industry: Packaged Foods
- Market Capitalization: \$5.6 Billion
- Branded and private label dairy and dairy-related products
- The company is benefiting from an increasing contribution from higher-growth branded product offerings such as soy milk (Silk), organic milk (Horizon), and flavored beverages. This is leading to higher margins and accelerating long-term earnings growth expectations. Average Cost in Hollywood Police portfolio: \$29.40 per share, currently trading at \$35.90.

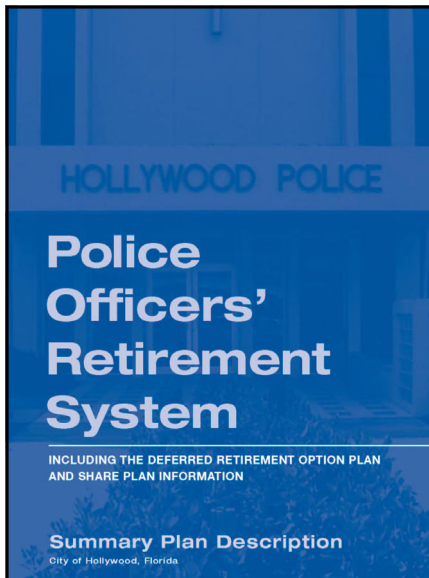
Symantec (Ticker = SYMC)

- Sector: Technology
- Industry: Systems Software
- Market Capitalization: \$14.1 Billion
- Internet Security Software for consumers and enterprises
- The company has been experiencing very strong growth in demand for its anti-virus protection, internet content, and e-mail filtering software products. Individual and corporate awareness of the security risks inherent to the internet has risen in the past few months due to the proliferation of software viruses and email "worms". Average Cost in Hollywood Police portfolio: \$25.14 per share, currently trading at \$45.25.

Solution to Buy Backs—You Make the Call!

Did you know that funds from your 457 Account (*deferred compensation account*) can be used to buy-back your probationary service time? Yes it can! This would be considered an exception for you to access your monies without being penalized. Best of all, this would be a trustee to trustee transfer and you should not be subject to any taxes for this transfer of funds. If this seems like something you would be interested in doing, please call the office for an appointment. We will be more than happy to help you execute this transaction!

SUMMARY PLAN DESCRIPTION DELIVERED!



The Board of Trustees is pleased to announce that a summary of the pension plan (SPD) has been distributed to all active personnel.

As reported in our last publication, the SPD briefly describes pension plan benefits to you in plain language. In addition to the normal retirement benefits, the SPD highlights disability and line of duty death. The SPD also outlines the Share & Drop Plans.

In addition to the hardcopy, the SPD may also be viewed on line under the icon "Summary of Plan" at our website www.hollywoodpolicepensionfund.com.

Please note: *Adobe Reader* is required to access this file on line. For your convenience, a link has been added to *Adobe* should you need to download *this program at no cost*.

As always, should you have any questions, give us a call at the pension office 954.967.4395.

SAN DIEGO CITY MANAGER RESIGNS IN WAKE OF PENSION SCANDAL

Per a story in the San Diego Union-Tribune, the City Manager of San Diego has resigned amid a federal investigation into the City's financial practices. San Diego is California's second-largest city, with 10,000 workers and a \$2.3 Billion annual budget.

The Securities and Exchange Commission and the U.S. Attorney's Office have opened preliminary investigations into whether city officials provided fraudulent information to investors to sell more than \$2 Billion in bonds. Investigators are also looking into the City's \$1.1 Billion pension fund deficit. City officials have disclosed that the City intentionally under funded its pension system for the last 7 years in order to bridge budget shortfalls. Because San Diego's charter provides for a strong City Manager government, the City Manager is basically the Chief Executive Officer, responsible for most City operations.

Thank goodness for our independent Board!!!

MAN COLLECTS DEAD MOTHER'S PENSION FOR 18 YEARS

A Boston man has been charged with cashing checks from the Illinois Public School Teachers' Pension and Retirement Fund meant for his mother. The only problem is that his mother had been dead for 18 years before the son reported her death, according to UPI. When fund officials found the mother's name on a list of members who had died, they called the son and demanded to speak to his mother, but he said she had had a stroke and could not speak. The fund may have trouble collecting the \$275,000 overpayment, as the son has filed for bankruptcy.

Compliments of Cypen & Cypen



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WHAT'S WRONG WITH THIS PICTURE?

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



Welcome Home!

The Board of Trustees joins you by welcoming back our very own hometown military heroes. You were truly missed!

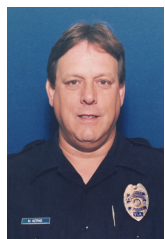
Hector Meletich

Anthony Truntz

We would be remiss not to mention that we are eagerly awaiting the safe return of **Anthony Pimentel & Eric Augustus**. They continue to be in our thoughts and prayers.

In Memoriam

The Board of Trustees is saddened by the loss of retiree Richard A. Schiano. Dick was a 27 year veteran of the department, one of the founders of this pension plan and its Plan Administrator for ten years. Dick is survived by his wife, Mary, and his children Denise, Deborah, Bryan & Richard.



The Board of Trustees extends their condolences & sympathy to the Kerns Family for the loss of Michael Kerns. Michael is survived by his wife, Susan, and his sons Joseph and Cliff.

Election Results

Dave Williams presented the Board of Trustees with the official trustee election results on March 26, 2004. The election was for two trustee seats. The Board accepted the results which were as follows:

Total Eligible Ballots - 271

Total Ballots Cast - 237

Total Ballots Disqualified - 5

1. Cathy Marano - 134 Votes "WON"

2. Fred Okamoto - 116 Votes "WON"

3. Pete Salvo - 114 Votes

4. Greg Saladino - 90 Votes

At the March 26th meeting, Fred Okamoto formally accepted the position of Trustee. The Board thanked the candidates who ran in the election, as well as all of the members who took the time to vote! The Trustees welcomed Fred to the Board.