



POLICE PENSION NEWS



A HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM PUBLICATION

FIRST QUARTER PENSION FUND SUMMARY

Issue 2
Date of Issue:
Second Quarter 2002

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As of March 31, 2002, our fund had a total market value of \$149,575,000. For the quarter the fund earned \$2,577,000.



On March 31, 2002, our fund was 54% invested in stocks, 41% in bonds, and 6% 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 – we will usually be near that target, perhaps a little bit above or below.

For the quarter ended March 31st, the total fund earned 1.75%, which was less than the previous quarter's 6.47%. After investment management expenses, for the quarter our net return was 1.74%.

Stocks in general – large, small, international – outperformed bonds for the quarter.

For the last 3 years, however, bonds did beat large company stocks, but did not do quite as well as smaller and middle-sized company stocks.

The best performing sector among US stocks was materials, which rose 10.5% in the first quarter of the year 2002. The worst performing sector was telecommunication services, which dropped 15.9%. As you may recall, the worst performing sector for last quarter was telecommunication services, which dropped 10.5%.



Among the major economic indicators, the Consumer Price Index (CPI Urban) rose only 1.5% for the twelve months ended in March. This compares to an increase of 1.6% for the twelve months ended in December. The unemployment rate was 5.7% in March, compared to 5.8% in December. As everyone knows, the Federal Reserve lowered

the discount rate all during the year 2001, but maintained the rate at 1.25% in the first quarter of 2002. Not much more room to go lower. The discount rate is the interest rate that the Federal Reserve charges banks for short-term loans.

457 Transfers

The Board of Trustees has amended the DROP Plan to receive direct transfers or rollovers from governmental 457(b) plans. As such, DROP participants have the opportunity to rollover their deferred compensation account into the DROP.

This means that when an *Active DROP* participant leaves the department he/she has the ability to roll their deferred comp account over to their established DROP. This option would also be available to *Inactive DROP Members* with an existing 457 Account. This rollover is in accordance of Internal Revenue Code Section 402 (c)(4).

Distributions should be made payable to the *City of Hollywood Police Officers' Retirement System* on your behalf. Payments are to be mailed to the Office of Retirement. Call for details.



REMINDER !!!

**Hollywood PBA
Annual Picnic**

**TY Park
Pavilion 12**

**May 26, 2002
12-6 PM**



New Officers!!

As you may know, officers are permitted to buy back probationary and additional police academy time upon successful completion of their probationary period.

Officers have one year upon completing probation to purchase this time interest free, in one lump sum payment to the plan. After that time, interest will accrue at the assumption rate (currently 8%).

Many officers are not prepared to make the lump sum payment to the plan at the end of probation.

Because of that, a viable suggestion is being offered that may help you prepare for this payment.

If you have not already done so, open an account at a bank that the city will do a payroll deduction for. Begin a withdraw of 8% from your earnings during your probationary period.

Putting a little away each pay period will prepare you to buy your time back upon completion of your probationary period and prepare you for the actual pension contribution that will begin after probation.



Independent Audit

A word from your auditors at Koch Reiss & Company, P.A.:

At the February 22, 2002 meeting we presented to the Board the Fund's audited financial statements for the September 30, 2001 fiscal year which included an unqualified (clean) opinion. This report is part of an annual independent process required by Florida Statute.

We want to thank the Fund's administrative staff for assisting us in completing the audit timely. We also thank the Board for their continued confidence in our firm. We look forward to continue in serving the Fund as its auditors.

CONGRATULATIONS!!! 1st Place WINNERS



Fitness Challenge 2002 Winners

Join the Board of Trustees in congratulating Steve Harrison, Dave Daly, Tim Legacki & Phil Rodriguez

For further details of the event, please visit www.911fitness.com

Pension Benefit Update

The following pension issues were approved as part of the latest labor agreement between the *City of Hollywood* and the *Broward County PBA*.

The *Senior Buy-Out*, which permits officers with 21 or more years to purchase up to 4 years of service to retire. The officers are required to make their pension contribution to the plan. Approximately 30 officers are participating in this voluntary program.

DROP participants will be able to elect the assumption rate of return (*currently 8% annually*) or continue to receive the plan's rate of return. The intent of the Board is to have four window periods during the year (*yet to be determined*). A DROP participant will make one election noted above. Once the election is made, it is irrevocable for a one year period. In other words, you may elect the market rate of return or the assumption rate of return once a year.

Further details forthcoming.

Good Luck timing the market!

Total Fund Summary

One Year



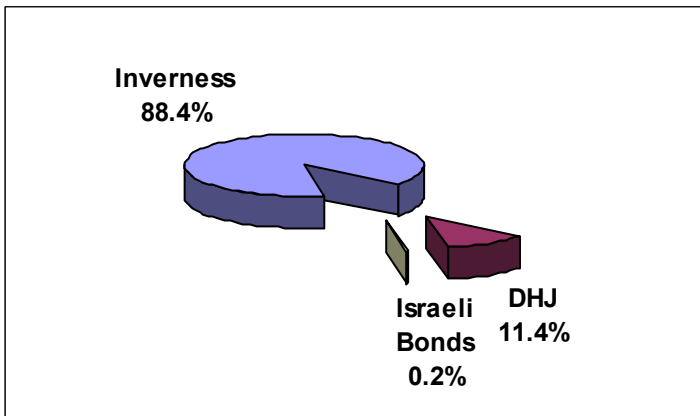
For the last year our fund earned 6.13%. Both our stocks and our bonds beat their separate markets, stocks were up 7.01% and bonds were up 5.62%. Our core equity (stock) manager, Inverness, outperformed our growth stock manager, Davis Hamilton Jackson, for the year ending March 31, 2002, 8.22% vs. 1.98%.

Long Term

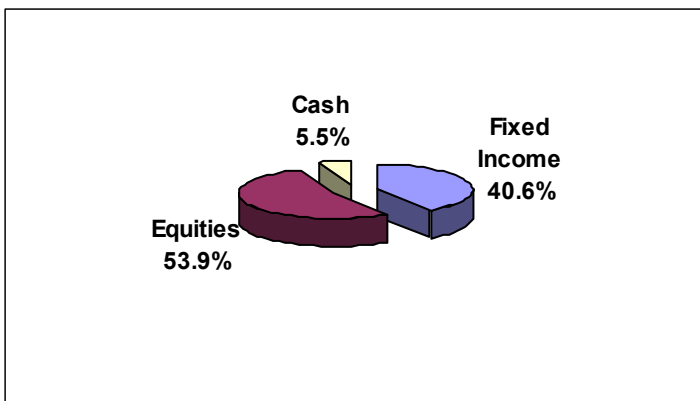


For the last five years, the total fund has had an average annualized rate of return of 8.72% per year, which beat the overall combined stock and bond markets' 7.95% return. During that time, stocks brought us 10.25% and bonds 7.45%. Over most time periods in the past, the overall stock market has beaten the bond market.

Division of Assets by Investment Manager



Your Plan's Asset Allocation



RETIREE CORNER

Congratulations to our new Retirees

Jerry Christiansen	04-01-02
Ward Stanley	04-08-02
Cindy Bradley Graziadei	04-15-02
David Graziadei	04-19-02
William Vrancik	04-19-02
William David	04-21-02
Mark Tinnirella	04-22-02
David Dykema	04-29-02
Betty Horne	05-01-02
Alan Marshall	05-09-02

Congratulations to our new DROP Members

Michael Morman	05-01-02
Don Phillips	05-01-02

Reminder: If a retiree would like to announce an upcoming event, please let us know!!!

THE BOARD OF TRUSTEES

David Strauss, Chairman
Tony Rode, Secretary
Cathy Marano, Trustee
Peter Salvo, Trustee
Frank McGarry, Trustee
Richard Brickman, Trustee
Larry Wiener, Trustee

Office of Retirement
4205 Hollywood Blvd., Suite 4
Hollywood, Florida 33021

Phone: 954.967.4395
Fax: 954.967.4387

Email: info@hollywoodpolicepensionfund.com



All Active Pre-Retirement Officers

The Board of Trustees continue to remind all members to keep us up-to-date with any changes in your address, phone numbers and most importantly beneficiaries.

ACTIVE MEMBERS!!!! Complete the enclosed **Beneficiary Designation Form** if necessary. Be prepared should tragedy strike. Safeguard your loved ones today!

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



New Website Launched!

As indicated in the last newsletter, the pension website was undergoing a major overhaul. Next time you are on the web, please visit and bookmark us at www.hollywoodpolicepensionfund.com. The new site is up and running. The site has a fresh look with leading edge technology. The site will be updated often, so check back on a regular basis. Let us know your thoughts! If you need a password to access your DROP Account, kindly let us know.

New Computer Network

The Board is pleased to announce that a new computer network has been installed to better serve the members and safeguard our plan records. Staff would like to thank the Board for this investment.

New e-mail addresses

To better communicate to members, new e-mail addresses were established with a DSL network. You may now contact staff as follows: For general questions, you may e-mail info@hollywoodpolicepensionfund.com. Dave Williams may be e-mailed at davew@hollywoodpolicepensionfund.com and Cheryl Winton may be e-mailed at cherylw@hollywoodpolicepensionfund.com. We look forward from hearing from you!



The Board would like to recognize the following service providers for their continued support.

Thanks go out to our Investment Managers, *Ms. Janna Woods* of Davis Hamilton & Jackson and *Mr. Henry Renard* of Inverness Counsel for their donation to benefit the Marti Huizenga Boys and Girls Club of Hollywood.

Many thanks also go to *Dr. Richard Reines* (Pension Board Physician) for his notable contribution to the Hollywood PAL. The support of these local organizations truly exhibits the spirit of community shared by these fine individuals.

Doughnut trail leads cops to thief

(March 29th, 2002): SLIDELL, Louisiana (Reuters) --

Two people left a 15-mile-long trail of doughnuts after they took a Krispy Kreme truck from a parking lot and fled, police said Thursday.

The truck was parked at a convenience store with its rear doors open and engine running while a deliveryman carried doughnuts inside, said Slidell police spokesman Rob Callahan. Two suspects hopped in the truck and sped off to the nearby town of Lacombe, with doughnuts spilling out along the way, he said.

They abandoned the truck when they were spotted by police responding to reports of a dangerous driver who was losing his doughnuts. Passenger Rose Houk, 31, was captured, but the driver, whose name was not released, ran away. Houk told police they had been smoking crack cocaine for several hours before the incident, which occurred Wednesday, said Callahan.

Their motive for taking the Krispy Kreme truck was unclear. "I don't know if it was a need for transportation or if they just had the munchies," he said.