



Police Pension News

A Hollywood Police Officers' Retirement System Publication

Issue 37

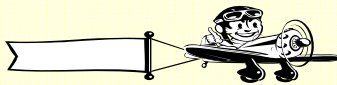
Date of Issue:

First Quarter 2011

Inside this issue:

Total Fund Summary	2
Stock Spotlight	3
Track the Fund	4
New Members/Retirees	5
PAY ATTENTION	6-9
FRR v. VRR	11
Your Trustees' - CPPT	12

The Board of Trustees wishes to congratulate Chris O'Brien for his recent attainment.



Chris now joins the ranks of current elected members who hold the distinction of being a *Certified Public Pension Trustee!*

PENSION FUND INVESTMENT SUMMARY

On December 31, 2010 our fund had a total market value of \$224,259,000.

For the quarter the fund gained \$11,596,000.

For the quarter the total fund return was 5.71% (net), beating out our benchmark which returned 4.89%. In the previous quarter the fund return was a stellar 7.03%.

For the quarter the stock return was 12.43% and the benchmark return was 11.59%. The bond return was -1.77% and the benchmark return was -1.81%.

For the quarter the average allocation of our fund was 54.2% invested in stocks, 42.5% in bonds and 3.3% 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 was 50% of the total fund.

For the calendar year the total fund return was 11.82% (net) which slightly lagged the benchmark return of 12.08%. The stock return was 16.88% and the benchmark return was 17.32%.

The Inverness bond return was 6.93% and the benchmark return is 6.24%.

On a fiscal year basis, the Inverness large cap stock return was 11.35%, the Garcia Hamilton & Associates growth stock return was 13.07%, the Buckhead value stock return was 6.48%, the Eagle small cap stock return was 18.38%, the Eagle mid-cap stock return was 14.85% and the Rhumblin mid-cap stock index return was 13.47%. The S&P 500

index return is 10.76%.

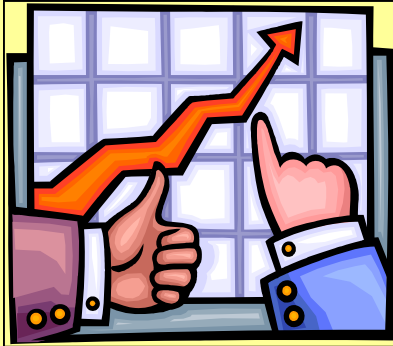
For the quarter the best performing sector among S&P 500 stocks was Energy which increased 20.86% and the worst sector was Utilities which decreased 0.02%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 1.5% for the twelve months ended in December. The Producer Price Index (PPI) for finished goods advanced 4.0% (unadjusted) for twelve-month period ended in December.

The seasonally adjusted unemployment rate was 9.4% in December compared to 9.6% in September.

Remember: A complete investment report is available on-line.

Total Fund Summary



Since September 30, 1992 the fund had an average rate of return of 7.45% (net) per year. For the last five years the total fund averaged 4.92% (net) per year, which out-performed the overall combined stock and bond benchmark return of 4.29%. For the last five years stocks averaged 4.69% and the benchmark averaged 2.98%. Bonds averaged 6.44% and the benchmark averaged 5.55%.

The Total Fund was in the **TOP 4%** of the investment universe for 5 year return!

Top Ten Stocks

INVERNESS	GARCIA HAMILTON	EAGLE SMALL CAP	EAGLE MID-CAP	BUCKHEAD	RHUMBLINE
National Oilwell	Apple Inc.	Quest Software	National Oilwell	Microsoft	Edwards Life.
Teck Resources	Apache Corp.	MDC Partners	Ingersoll-Rand	NY Comm. Bank	Joy Global
Chevron	Freeport-McMoran	Solutia Inc.	Check Point	Johnson & Johnson	Borg-Warner
Teva Pharma.ADR	Exxon Mobil	Progress Software	Amphenol	JP Morgan Chase	NY Comm. Bank
Union Pacific	Cameron	Mednax Inc.	Allied World	Dow Chemical	Cimarex Energy
Roper	Google	Wolverine Worldwide	Hasbro	Raymond James	Bucyrus Erie
Microsoft	IBM	Oshkosh Corp.	CIT Group	Procter & Gamble	Cree Inc.
Activision	Danaher	John Wiley & Sons	St. Jude Med	Allstate	Vertex
CVS Caremark	Cognizant Tech.	TTM Tech	Precision Castparts	ITT Industries	Pharma.
Terex Corp.	Nike	Bio-Rad Labs.	Solutia Inc.	Pfizer	Lubrizol Corp.
					Dollar Tree

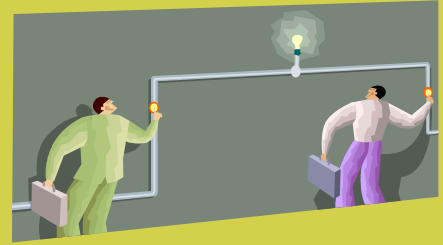
STOCK SPOTLIGHT

Ball Corp. (Ticker = BLL)

Sector: Materials

Industry: Metal and Glass Containers

Market Capitalization: \$ 6.3 Billion



Ball Corporation, together with its subsidiaries, is the largest supplier of packaging to the food and beverages industry worldwide, primarily beverage and aerosol cans. We expect consistent earnings growth as Ball expands its exposure in China, Brazil, and other emerging market economies. The divestiture of its plastics business and continued tuck-in acquisitions of metal can assets highlight Ball's actions to consolidate the global beverage can markets. Finally, an aggressive share repurchase authorization is estimated to reduce the firm's share count by an estimated 13%.

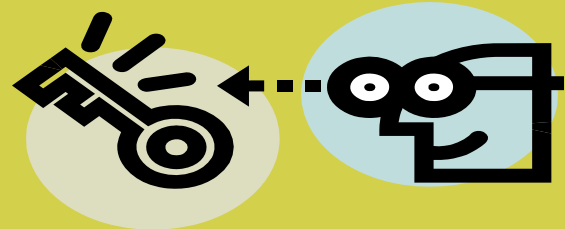
Average Cost in Hollywood Police Portfolio: \$65.28 per share, currently trading at \$72.18.

United Technologies Corp. (Ticker = UTX)

Sector: Industrials

Industry: Aerospace and Defense

Market Capitalization: \$74.7 Billion



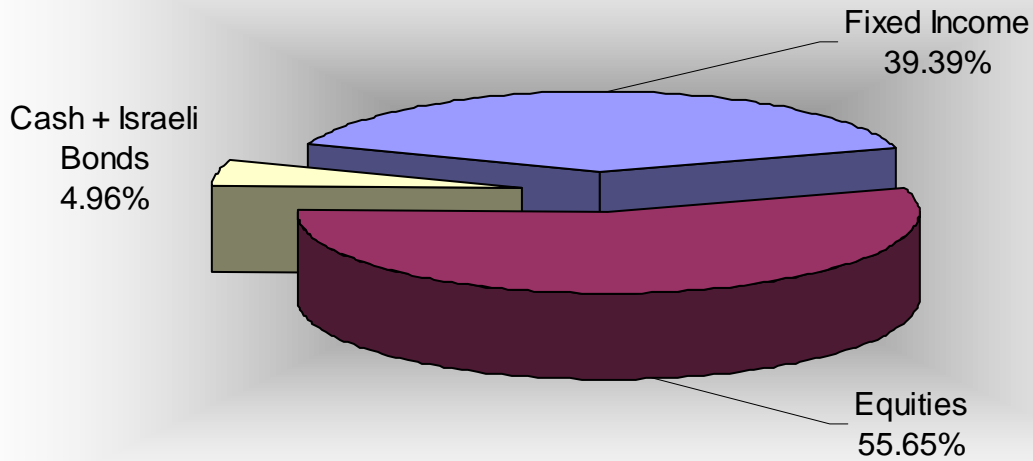
UTX is a diversified industrial that provides technology solutions and services the aerospace and other various industries. The Hamilton Sundstrand division manufactures jet components such as flight systems and power generation; industrial products like air compressor. The turnkey Otis segment provides escalators, passenger and freight elevators, and moving walkways. Carrier is UTX's heating, ventilating, and air conditioning (HVAC) division. Aerospace & defense and aftermarket products are designed and manufactured by the Sikorsky and Pratt & Whitney's divisions. The Company has a robust backlog that takes them out at least 5 years of production as new contracts continue to be announced. UTX stands to benefit from a recovery in the commercial construction markets, a strong presence in the rapidly growing Chinese market, and meaningful exposure to next generation aerospace platforms. Historically, they have been a successful acquirer with an average of \$2B in acquisitions per year. Finally, although their end markets alone are cyclical, their overall portfolio of product offerings diversifies away that cyclicity.

Average Cost in Hollywood Police Portfolio: \$60.64 per share, currently trading at \$81.55.

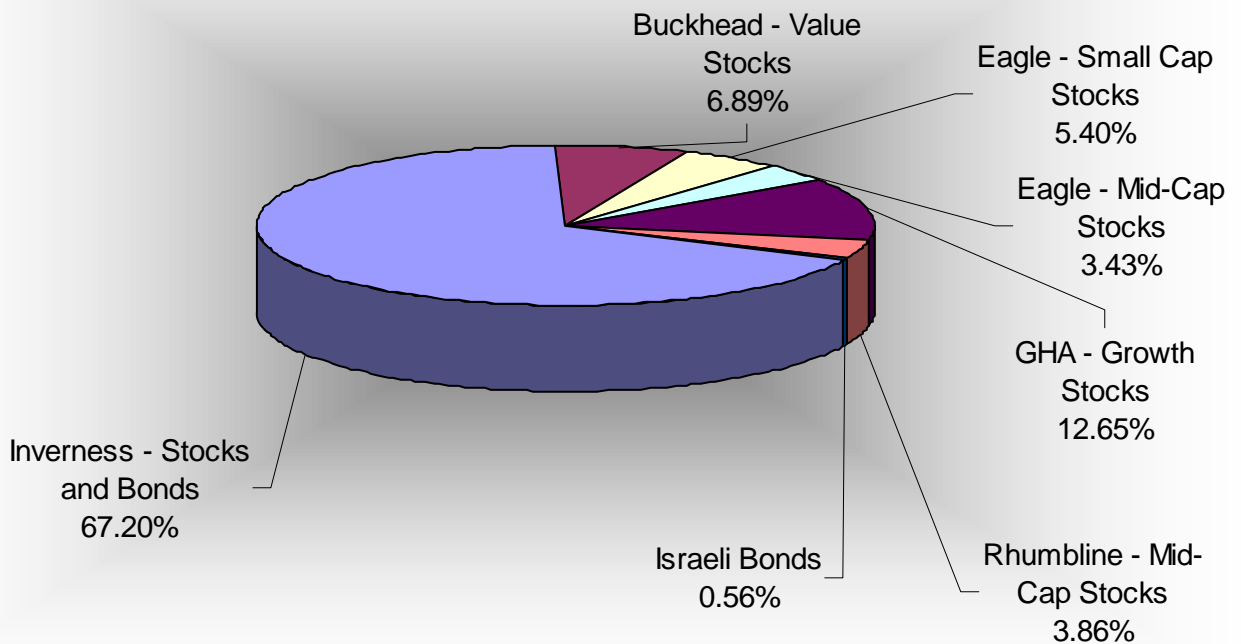
Please note that the Board of Trustees provide this data for informational purposes only. It is in no way to be interpreted as investment advice.

Track The Fund!

Plan Asset Allocation as of December 31, 2010



Division of Assets by Manager as of December 31, 2010





HOLLYWOOD POLICE OFFICERS' PENSION FUND



Welcome New Pension Members!



Christopher Carasa 02-23-2011
 Mark Hazel 02-23-2011
 Brandon Mitchell 02-23-2011
 Eric Sicre 02-23-2011
 Kyle Wagner 02-23-2011

We wish you all continued success!

WWW.HOLLYWOODPOLICEPENSIONFUND.COM

(954) 967-4395

Retiree Corner

Congratulations to our latest DROP Members

Julio Gonzalez	01-03-2011
Thomas Nettina	01-31-2011

Congratulations to our latest Retirees

Larry Boles	01-31-2011
Steve Wiedenhoeft	01-31-2011
Mitchell Case	02-06-2011

PAY ATTENTION

A new pension related bill was filed on February 15, 2011 by Senator Jeremy Ring. SB 1128 relates to all public retirement plans - Police and Fire plans subject to 175 and 185, general employee plans and a small change to the Florida Retirement System ("FRS").

Senator Ring is Chair of the Governmental Oversight and Accountability Committee, the Co-Chair of the Joint Select Committee on Collective Bargaining Committee, and a member of the following Committees: Budget Subcommittee on Education Pre-K - 12 Appropriations, Commerce and Tourism, Community Affairs, and Health Regulation.

SB 1128 sponsored by Representative Jeremy Ring

Florida Statutes 112 - applies to all governmental pension plans.

1. 112.66 General Provisions

- a. Effective for employees hired on or after July 1, 2011, a plan sponsor may not offer membership in a defined benefit retirement system. Plans that are subject to collective bargaining are not subject to the provisions of this subsection until the first agreement negotiated after 7/1/2011.
- b. Effective for employees hired on or after July 1, 2011, a plan sponsor may not use less than 5 years to determined average final compensation. Plans that are subject to collective bargaining are not subject to the provisions of this subsection until the first agreement negotiated after 7/1/2011.

NOTE: It is unclear how this subsection will apply given the earlier subsection providing that there will be no defined benefit for employees hired after 7/1/2011.

- c. For each member hired on or after July 1, 2011, a plan sponsor shall provide a death benefit meeting the standards provided for below. This section is not intended to repeal other applicable sections of the state or federal law providing death benefits.
 - i. A monthly pension to the surviving spouse of a member killed in the line of duty of 50% of monthly salary received by the member on the date of death. This benefit is payable for life.
 - ii. If the surviving spouse of a member killed in the line of duty dies, then the benefits are payable for the benefit of the children of the member under age 18 and unmarried until the 18th birthday of the member's youngest unmarried child.
 - iii. If the member killed in the line of duty leaves no surviving spouse but is survived by children under age 18, then the benefits are payable for the benefit of the children of the member under age 18 and unmarried until the 18th birthday of the member's youngest unmarried child.

NOTE: These changes do not mention disability benefits.

Florida Statutes Section 121 - Florida Retirement System Changes

2. Florida Statutes 121.051(2) Participation in the System - Optional Participation - At the sole option of the "department," a chapter 175 or 185 plan is eligible for participation in the Florida Retirement System. To be eligible, the chapter 175 or 185 plan must not have any unfunded actuarial liabilities.

NOTE: Florida Statutes 121.021(4) provides that " 'Department' means the Department of Management Services."

Florida Statutes 175/185 - Amendments related to Police and Fire Pensions

3. Sections 175.032/185.02 Definitions. The bill proposes amendments as follows:
 - a. Firefighter Chapter 175.032(3) Compensation - Proposes to exclude overtime, unused leave and any other form of compensation beyond base hourly or annual salary from the definition of compensation.
 - b. Police Officer
 - i. Chapter 185.02(4) Compensation - Proposes to change definition from "total remuneration" to "fixed monthly remuneration" and proposes to exclude overtime, unused leave and any other form of compensation beyond base hourly or annual salary from the definition of compensation.
 - ii. Chapter 185.02(10) Local law plan - Proposes to remove requirement that local law plans meet the minimum benefits and standards of the Chapter thus removing the floor of benefits to receive the state money.
 - iii. Chapter 185.02(15) Supplemental Plan - Proposes to delete the language regarding "extra" benefits and "minimum benefits and minimum standards."
4. Sections 175.351/185.35 Municipalities having their own pension plans for firefighters/ police officers - This amendment provides that, if the Plan meets the minimum benefits and standards set for the Chapter, then the trustees, as approved by the majority of the Firefighters/Police Officers, shall use the 175/185 money to pay down any unfunded actuarial liability. After paying off the unfunded, then the extra benefits provisions come back into operation.

Provisions of the Bill Creating a Process to Determine Financial Rating of Pension Funds and to Study Disability Presumptions

5. The bill proposes a process to determine the financial rating of local pension plans. If the bill passes, the Department of Financial Services would be charged with the responsibility to develop a standardized rating system to classify the financial strength of local government defined benefit pension plans.
 - a. To determine the rating, the department shall consider:
 - i. Current and future unfunded liabilities.
 - ii. Net asset value, managed returns, and funded ratio.
 - iii. Metrics related to sustainability, including employer's contribution as a percentage of payroll.

Provisions of the Bill Creating a Process to Determine Financial Rating of Pension Funds and to Study Disability Presumptions (Con't)

- a. To determine the rating, the department shall consider:
 - iv. Municipal bond ratings.
 - v. Whether there is a reduced contribution rate when the plan has an actuarial surplus.
 - vi. Whether actuarial surplus is used for obligations outside of the pension plan.
 - b. Pension Boards and State agencies shall cooperate with providing the necessary information.
 - c. Rating shall be posted on the Department's website in a standardized format.
6. The bill proposes a Task Force on Public Employee Disability Presumptions. If the bill passes, a task force will review the disability presumptions in Florida Statutes 112.18, 185.34 and 175.231.
- a. Members of the task force will be appointed on or before July 15, 2011 and the first meeting will be held before August 15, 2011. The members are:
 - i. Three members appointed by the Senate President:
one attorney in private practice who has experience in the relevant laws;
one who is a representative of organized labor; and one who is from the Florida Association of Counties.
 - ii. Three members appointed by the Speaker of the House:
one attorney in private practice who has experience in the relevant laws;
one who is a representative of organized labor; and
one who is from the Florida League of Cities.
 - iii. A member employed by the office of the Auditor General with experience in local government auditing and finance.
 - iv. A member employed by the Department of Management Services Division of Retirement who has experience in local government pensions, appointed by the Governor.
 - v. A member employed by the Department of Financial Services who has relevant expertise in state risk management appointed by the Chief Financial Officer.
 - b. The task force shall address:
 - i. Data related to operation of presumptions.
 - ii. Presumptions in other states.
 - iii. Proposals for changes.
 - c. Department of Financial Services shall provide administrative support.
 - d. Members of the task force will not receive compensation but shall receive expense reimbursements.
 - e. The task force may obtain data from state and political subdivisions, who shall cooperate in the effort.
 - f. The task force shall submit a report by January 2012.
 - g. The task force is dissolved upon submission of its report.

7. By December 1, 2011 the Department of Financial Services shall submit a report and recommendations on visibility and transparency of local government pensions increasing ability of a tax payer or policy-maker to assess the financial health of the local plans, including specific recommendations for legislative action during the 2012 legislature and should address the following:
- What kinds of reports should be included in financial audit reports required under 218.39.
 - Whether reporting requirements of 175.261 and 185.221 should be supplemented with other types of financial information.
 - Proposals for a uniform format for providing pension data including standardized terminology and data.
 - Whether to require local governments to provide pension data on websites.
 - Information on other related benefits such as insurance, health care and post employment plan benefits.
 - Proposals related to the composition of local plan boards.
8. Last section contains a finding that this legislation has a proper and legitimate state purpose.

The Board would like to Thank, Attorney Bonni Jensen for this review. The Board encourages members to continue to monitor our web site, the web site of our Attorney, Steve Cypen at www.cypen.com. Another sites of interest is the Florida PBA <http://www.flpba.org/>

The following is the link to the entire Ring Bill:

http://www.myfloridahouse.com/Sections/Documents/loaddoc.aspx?FileName=_s1128_.DOCX&DocumentType=Bill&BillNumber=1128&Session=2011

Since this Bill was originally filed, the PBA has been working on your behalf. As a result, several amendments have been filed. Remember PAY ATTENTION!

NOTICE TO ALL ACTIVE MEMBERS

Trustee Election

There is a trustee election underway..... the dates of the election are March 1st at 9:00 AM thru March 8th at 9:00 AM. The election ballots and ballot box are located on the first floor, next to the pension bulletin board, adjacent to supply room. Read the instructions carefully or your vote won't count.

Ballots will be counted directly after the election in the First Floor Classroom. The counting process is open to any member. The top three pension board candidates receiving the most votes win.

Thank you!

Sample Ballot

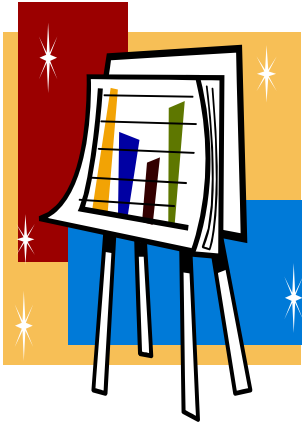


**CITY OF HOLLYWOOD, FLORIDA
POLICE OFFICERS' RETIREMENT SYSTEM
Official Pension Trustee Election Ballot**

March 2011

Select up to three pension trustees.
If you vote for more than three your ballot
will be disqualified.

- Chris O'Brien (Incumbent)**
- David Strauss (Incumbent)**
- Van Szeto (Incumbent)**
- Robert Wolfkill**

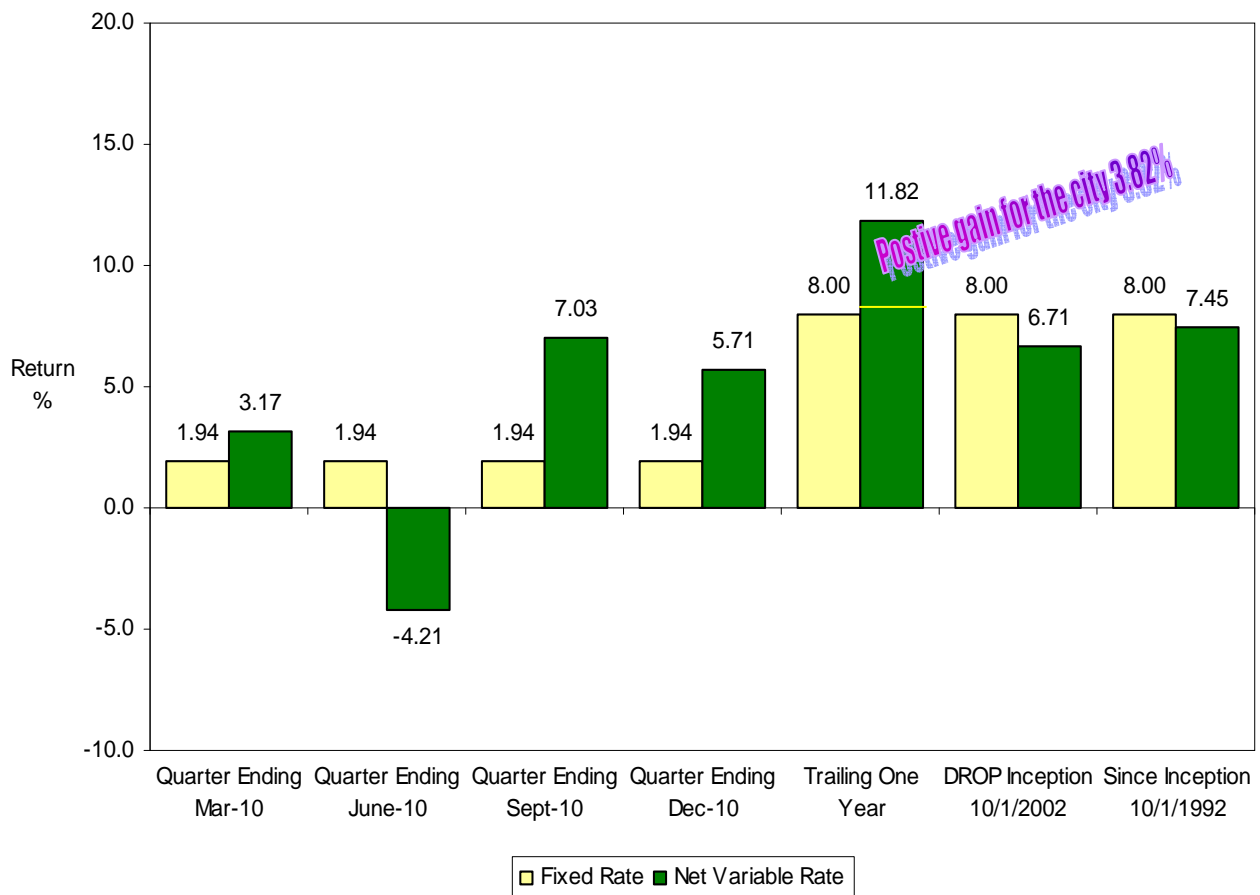


What does it all mean?

The updated chart below compares the rate of return of the plan (VRR), to the fixed rate of return (FRR) . Each DROP participant makes a personal selection upon entering the DROP to receive the VRR or the FRR for his/her DROP assets. DROP participants may alternate the rate of return applied to their account month to month, or stay with one investment return. DROP participants are advised to speak to a qualified financial advisor to assist you with this important decision.

This chart also demonstrates that since inception, the minimum impact that the FRR has had to the Fund. For the last year, the chart exhibits how the VRR has out-paced the FRR by 382 basis points. There are currently only three drop members who have selected the VRR, the balance are in the FRR.

Fixed Rate of Return vs. Net Variable Rate of Return
December 31, 2010



Summary of the Top 10 Advantages of Retaining DB Pension Plans

- Retaining a DB plan is likely to cost state and local governments less over the short term. The long-term cost savings of switching to a DC plan are uncertain at best.
- Almost all state and local DB plans provide disability and survivor benefits, as well as retirement income. Switching to a DC plan would require employers to obtain these benefits from another source, likely at a higher cost.
- DB plans enhance the ability of state and local governments to attract and retain qualified employees. Switching to a DC plan would limit this ability, possibly exacerbating labor shortages in key service areas by increasing employee turnover rates. Higher turnover rates, in turn, could lead to increased training costs and lower levels of productivity, possibly resulting in the need for a larger workforce.
- DB plans help state and local governments manage their workforce by providing flexible incentives that encourage employees to work longer or retire earlier, depending on the circumstances. Switching to a DC plan would limit this flexibility and make these incentives more expensive for the employer.
- DB plans earn higher investment returns and pay lower investment management fees, on average, than DC plans. Switching to a DC plan would likely lower investment earnings and increase investment management costs, to the detriment of the plan participants.
- DB plans reduce the overall cost of providing lifetime retirement benefits by pooling mortality (and other) risks over a relatively large number of participants. Switching to a DC plan would require each individual to bear these risks alone, consequently requiring higher contributions than if the risks were pooled.
- DB plan investment earnings supplement employer contributions. Switching to a DC plan would prevent state and local governments from offsetting employer contributions with investment earnings, which, on average, have funded more than two-thirds of public retirement benefits over the past 25 years.
- DB plans provide secure retirement benefits based on a person's salary and period of service. Switching to a DC plan would likely result in lower and less secure retirement benefits for many long-term governmental employees, including firefighters, police officers, and teachers, who constitute more than half of the state and local government workforce. State and local employees who are without Social Security coverage would be subject to even greater risk.
- DB plans help sustain state and local economies by providing sufficient and steady retirement benefits for a significant portion of the workforce. Switching to a DC plan could slow state and local economies, since a large number of retirees would likely receive lower retirement benefits.
- DB plans provide benefits that help ensure an adequate standard of living throughout retirement. Switching to a DC plan would likely result in pressure on state and local governments to augment DC plan benefits and require increased financial assistance for retirees.

The foregoing study is from NCPERS. NCPERS is the largest national, nonprofit public pension advocate, and for more than 65 years NCPERS has been the principal trade association working to protect the pensions of public employees. NCPERS focus on Advocacy, Research and Education for the benefit of public sector pension trustees, administrators and government officials.

This study addresses the question, Should state and local government defined benefit plans be eliminated and replaced with defined contribution plans? It concludes that such a move would have significant, long-term, detrimental effects on state and local governments, their employees, their economies, and ultimately the taxpayers.

In the final analysis, the real question is, How can state and local governments efficiently provide secure, sufficient, and sustainable retirement benefits for their employees?

To answer this question, retirement benefits should be viewed in total, including benefits from Social Security, DB plans, DC plans, and individual savings. No single source alone is sufficient, but together they can be used to provide effective and efficiently funded retirement income. Eliminating DB plans would only intensify future problems rather than provide solutions.

You are encouraged to review the study at: http://www.ncpers.org/Files/2011_ncpers_research_series_top_ten.pdf

Don't Forget To Visit Us !!!
www.hollywoodpolicepensionfund.com

THE BOARD OF TRUSTEES
David Strauss, Chairman - CPPT
Cathy Marano, Secretary - CPPT
Paul Laskowski, Trustee - CPPT
Van Szeto, Trustee - CPPT
Christopher O'Brien, Trustee - CPPT
Richard Brickman, Trustee
Larry Wiener, Trustee

Office & Mailing Address
4205 Hollywood Blvd., Suite 4
Hollywood, Florida 33021

Phone: 954.967.4395

Out of town? - Please Call Toll Free: 866.738.4776

Fax: 954.967.4387

QUOTABLE QUOTE

“Effort is only effort when it begins to hurt.”

Jose Ortega y Gasset

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....



Supplemental Distributions

Formal notification of the supplemental distribution went out in the mail. If you have not received your letter, please contact us at once. If you have not executed and returned your form, please do so without further delay. Distributions are set for April 1st.

ACTIVE DROP: Your payment will automatically be deposited into DROP accounts.

RETIRED: Your payment will be made in the same manner your monthly retirement payment, unless a rollover was requested.

CPPTWhat does it mean?

As highlighted on the cover of this publication, *Chris O'Brien* was recently awarded the designation of CPPT “*Certified Public Pension Trustee.*”

This certification is through the Florida Public Pension Trustees Association. Chris proudly joins the ranks of present Board Members *Cathleen Marano, David Strauss, Van Szeto and Paul Laskowski* who attained this prestigious distinction.

The CPPT certificate is awarded by attending educational seminars and conferences, and includes multiple *in-depth written examinations* on the material.

The educational material includes such topics as Asset Allocation, Capital Markets Stocks/Bonds, Fiduciary Responsibilities,

Economics, Pension Fundamentals, Performance Reporting, Legal Issues and other Public Pension Business.

During this most difficult, time rest assured that your Trustees have a clear understanding of the fund and your needs.

STATE OF FLORIDA DEPARTMENT OF MANAGEMENT SERVICES

Another source to track legislative pension activity is at the following website:

http://dms.myflorida.com/human_resource/support/retirement/municipal_police_and_fire/current_issues

THANK YOU STEVE CYPEN

Our Attorney Steve Cypen also has a detailed newsletter on-line at: <http://cypen.com/>

Stay Informed!