



Police Pension News

A Hollywood Police Officers' Retirement System Publication

Issue 50
Date of Issue:
Second Quarter 2014

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Attention Retirees
The Annual Confirmation of Retirement Forms will be mailed our soon.
Please remember to complete and return to the Office of Retirement

PENSION FUND INVESTMENT SUMMARY

On March 31, 2014 our fund had a total market value of \$258,366,000. For the quarter the fund gained \$3,621,000. For the quarter the total fund return was 1.43% (net) and its benchmark return was 1.72%. In the previous quarter the fund return was 5.23%.

For the quarter the stock return was 1.63% and the benchmark return was 1.92%. The bond return was 1.41% and the benchmark return was 1.46%.

For the quarter the average allocation of our fund was 52.1% invested in stocks, 5.1% invested in real estate, 37.9% in bonds and 4.9% in cash equivalents (i.e., short term liquid interest bearing investments including money market funds and Israeli bonds). Our ongoing target for investment in stocks was

50% of the total fund.
Fiscal Year (10/1/2013 – 3/31/2014)

For the fiscal year the Inverness large cap stock return was 12.76%, the Garcia Hamilton & Associates growth stock return was 8.80%, the Buckhead value stock return was 13.08%, the Eagle small cap stock return was 11.36% and the Rhumbline mid-cap stock index return was 11.55%. The S&P 500 index return was 12.51%.



For the calendar year the best performing sector among S&P 500 stocks was Utilities which increased 9.02% and the worst sector was Consumer Discretionary which decreased 3.16%.

Among the major economic

indicators, the Consumer Price Index (CPI-Urban) increased 1.5% before seasonal adjustment for the twelve months ended in March. The Producer Price Index (PPI) for finished goods advanced 1.4 before seasonal adjustment for the twelve months ended in March.

The seasonally adjusted unemployment rate was 6.7% in March unchanged from 6.7% in December. Real Gross Domestic Product (GDP) increased at an annual rate of 2.6% for the fourth quarter of 2013, compared with an increase of 4.1% in the third quarter of 2013.

During the fourth quarter of 2013 the Federal Reserve Open Market Committee kept the target range for the federal funds rate of 0.00% to 0.25%.

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

Total Fund Summary



Since December 31, 1992 the fund has an average rate of return of 7.66% (net) per year. For the last five years the total fund return was 12.47% (net) per year. For the last three years the total return is 8.38% and the benchmark return is 9.12%.

For the last five years the stock return was 20.10% and the bond return was 5.74%. For the last three years the stock return was 13.19% and bond return was 4.14%. For the year the stock return was 21.83% and bond return was -0.09%.

Inverness Counsel Equity Return of 14.70% Ranks in the *TOP 28th* Percentile!

Top Ten Stocks

INVERNESS	GARCIA HAMILTON	EAGLE ASSET	BUCKHEAD	RHUMBLINE
Google	Apple Inc.	Harbinger Group	Wells Fargo	Affiliated Managers
CVS-Caremark	Walt Disney	CommScope	GE	Cimarex Energy
Discover Financial	Affiliated Managers	SunCoke Energy	Express Scripts	Henry Schein
Roper Industries	Google	PTC	ExxonMobil	Trimble Navigation
Occidental Petroleum	Qualcomm	Web.com	Pfizer	SI Green Realty
Carlisle Cos.	Blackrock Inc.	Fair Isaac	Blackrock Inc.	Church & Dwight
PNC Financial	Coca Cola	Cantel Medical	US Bancorp	Hollyfrontier Corp.
Adobe	Wells Fargo	Radian Group	Johnson & Johnson	Endo International
Mylan, Inc.	Baxter International	Coherent	ConocoPhillips	Advanced Auto Parts
Gilead Sciences	Home Depot	Live Nation Entertainment	Lockheed Martin	Under Armour

STOCK SPOTLIGHT

Walt Disney Company (Ticker = DIS)

Sector: Consumer Discretionary

Industry: Movies & Entertainment

Market Capitalization: \$115.2 Billion

Walt Disney Company operates a diversified worldwide entertainment business. Its operations include Cable Networks (ESPN, Disney Channel, A&E); Broadcast Networks (ABC television network, ABC Studios, 8 TV stations, 35 radio stations); Parks and Resorts (Walt Disney World in Florida, Disneyland in California, Disney Cruise Line, and Disneyland resorts in Paris, Hong Kong, and Tokyo); and Studio Entertainment (live-action and animated movies). The company also licenses and sells Consumer Products based on its characters. Cable Networks (primarily ESPN) account for over half of the company's operating profits. Over the last few years, Disney has invested heavily in its existing parks and resorts and launched construction of a new resort in Shanghai. Investors have been concerned about the level of this investment and the ability of ESPN to continue to recover the rising costs of its sports programming. However, we believe that the resort investment is important to maintaining the long-term value of the franchise and that ESPN still offers advertisers unique value in reaching audiences. We initiated a position in Walt Disney in the fourth quarter of 2012 and believe it has significant opportunity to grow the value of its entertainment assets, including the Star Wars franchise which the company will acquire through the recently announced acquisition of Lucas films. Disney currently trades at approximately \$64 per share.

Johnson and Johnson (JNJ)

Sector: Health Care

Industry: Large Pharmaceuticals

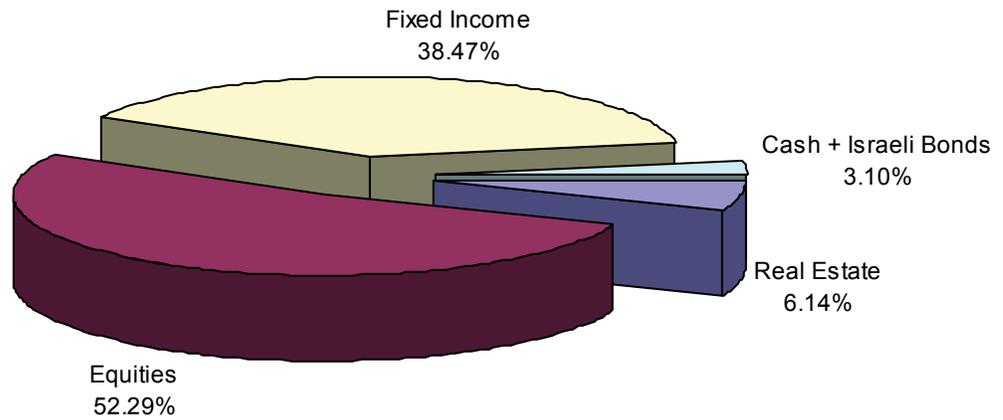
Market Capitalization: \$277.4 Billion

Johnson & Johnson (JNJ), headquartered in New Brunswick, NJ, manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. JNJ's new management team is focused on rationalizing its product offerings and positioning the company as a leader in the segments in which it participates. Recent acquisitions in the medical device segment should improve its competitive status while the company continues to recover from the recent setback in the consumer segment.

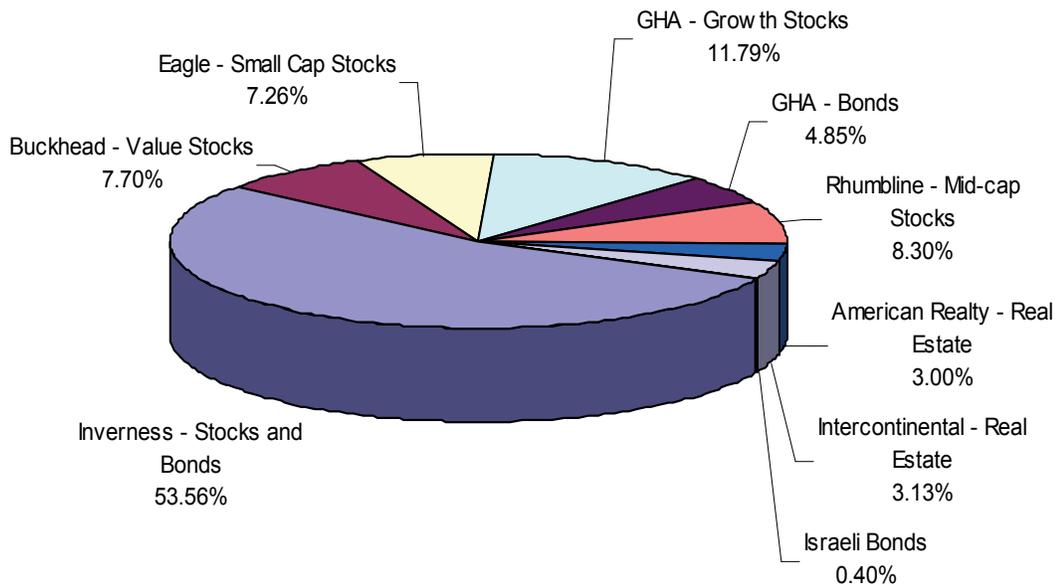
Please note that the Board of Trustees provide this data for informational purposes only. It is in no way to be interpreted as investment advice.

Track The Fund!

**Your Plan's Asset Allocation
March 31, 2014**



**Division of Assets by Investment Manager (including cash)
March 31, 2014**



Fla. Cities 'Mostly Unscathed' This Session, Still Hope To Revisit Local Pension Reform

BY [SASCHA CORDNER](#)

Florida League of Cities Spokesman Ryan Matthews says overall, it was a successful Legislative Session for local governments.

“I think it was a successful legislative Session for local governments in general. We managed to defeat a number of preemptions and unfunded mandates and really came out relatively unscathed. I think the election year really loomed large over the session as a whole. Only 264 bills passed this year, and that’s really the lowest since 2011,” said Matthews.

One major priority for the cities that passed is a bill that allows local governments to resume control over the regulation of vacation rentals—something that Matthews says was preempted by the Legislature in 2011. He adds city officials were also happy with tax incentives and economic development issues.

“The Governor had a priority of cutting \$500 million from the state budget and mainly did so through licensing vehicle fees. So, the pot of local government money really fared well, and that was something we worked very diligently on throughout the session,” added Matthews.

Still, Matthews says it wasn’t all good news.

“Our major issue that unfortunately that did not pass was reform of local police and firefighter pension plans. We have a number of cities throughout the state, whose budget are dominated by incentives and extra benefits for local police and firefighters. So, that’s something that’s certainly needs reform in the near future,” Matthews continued.

The bipartisan local pension reform effort died during the 2014 Session, after it was tied to a controversial state pension reform effort in the House that never got taken up in the Senate. Matthews says [the cities hope to revisit the issue next year](#).

Did You Know.....

The Florida League of Cities is the united voice for Florida’s municipal governments. Its goals are to serve the [needs of Florida's cities](#).

Florida’s city officials formed as a group of municipal governments for the first time in 1922. [They wanted to shape legislation, share the advantages of cooperative action, and exchange ideas and experiences.](#) Growing from a small number of cities and towns, our membership now represents more than 400 cities, towns and villages in the Sunshine State. [The League is governed by a Board of Directors composed of elected municipal officials.](#) The League functions under its Charter and By-laws, while the Strategic Plan outlines the mission, goals and objectives.

Enough Already!

Many of you may know, but for those who do not know, the supplemental distribution is under attack. It wasn't good enough taking it away in the 2011 Referendum for future retirees. The current retirees are now in the crosshairs.

A recent agenda item before the city commission was a *Resolution* related to the Sustainable Pension Funding Best Practice.



According to the **Finance Director, Matt Lalla**, "There is no staff analysis associated with the pending Resolution related to the Sustainable Pension Funding Best Practice. There is no need for such analysis as the City presently follows most of the best practices outlined in the GFOA publication". However in the next breath, Mr. Lalla cited: "**Managing growth in liabilities**. Given the questions surrounding the 13th Check, one could make the argument that this best practice is not being followed by the various Pension Boards.

An amendment to the Pension Ordinance may be needed to address this portion of the Best Practice". A video of that commission meeting is posted to your pension web site. **Please take the time to review it.**

E-Mails started to fly to the Commissioners and the one constant that we heard was from Commissioner Blattner.

Sample Response.....

From: Richard Blattner <RBLATTNER@hollywoodfl.org>

Subject: Re: R-2014-131

Date: June 3, 2014 at 3:33:06 PM

To: Retiree xxxxxxxx

"We are not voting on 13 ck"



Disingenuous at Best

Its time that some people should reflect upon the following quote. *"I think there's no higher calling in terms of a career than public service, which is a chance to make a difference in people's lives and improve the world"*.
- **Jack Lew**

Starting on *Page 7* of this publication is a heartfelt letter from a widow to the commission about the supplemental distribution. Sadly, that widow received the same response noted above from Commissioner Blattner.

BOLO



After volunteering 14 plus years and gaining the knowledge of a pension board fiduciary for our plan, the city commission is considering the replacement of Richard Brickman, with an outside political appointment. The commission will take up the matter on June 25th. This impending action comes on the heels of the removal of Larry Wiener, by Mayor Bober.

Never Forget!

From: Suellen Fardelmann
Sent: Wednesday, June 04, 2014 9:30 AM
To: Honorable Mayor and Commissioners
Subject: The 13th Check

Honorable Mayor and Commissioners:

Forty years ago a young Police Officer proudly wearing your badge booked a purse snatcher and headed out of the station back to his zone. As he stopped at a red light at the entrance to a mall he heard the crackling voice of his radio (better known as “second wife” realizing that little attachment would give him contact to the station no matter where he was or what he needed).

The dispatcher was calling for one of his fellow officers assigned to that area to answer an alarm at Mayor’s Jewelry Store. This call was common since the alarm was located on the floor and was unintentionally tripped quite often.

The young Officer at the light answered through his “second wife” stating that he was closer to the call and would take it. As he entered the Mall and then Mayor’s he had a smile on his face, but a hand resting on his 357 Magnum, now unsnapped and released from its holster, resting in a position that allowed him invisible easy access. He approached the Manager. It appeared there were only three other employees in the store. In reality, all other customers and employees were being held hostage in the rear of the store. The young Officer asked the Manager if everything was alright. The Manager indicated it was and the Officer said he would turn off tripped alarm. The Officer took one step forward and a career felon walked from behind the counter, put his gun to the young Officer’s back and shot him at point blank range. One lone employee was standing nearby and caught the Officer in his waiting, cradled arms. The shooter said, “Drop him or I’ll blow your brains out.” Years later he wept in court as he retold how he was terrorized and had to drop him. . He could have taken the Officer with the other hostages. He just shot him because he was a cop.

Although in the hours to come, during rescue, transport to the hospital, in the Memorial Hospital elevator and during surgery, where he bled to death, while he was repeatedly revived, it was back on that floor where they drew the outline of his body at the crime scene that he prayed his last words leaning his head over into his “second wife” saying, “My God, I’ve been shot in the back. Help me”.

Please Continue to Page 8 of this publication

Never Forget... (Continued from Page 7)

That was your Officer. That was Henry Minard, my husband, the Father of 2 and 4 year old "daddy's" girls. But most of all you need to know that I am telling you this story because as our daughters and I walked the halls of the Department a few weeks ago we realized this was more than a generation ago. Through my eyes I believe this 29 year old young officer could have been any officer. His life was not taken, he GAVE his life as he was sworn to do. He protected you from two career criminals. The shot that rang out warned so many others that day to get out of the way and take shelter from a spray of bullets.

Hank represents all of the officers who have served and are serving you. I'm always happy at an Alumni Meeting to see one more "make it" without having to willingly make the supreme sacrifice for you.

So it comes down to this. You hire officers who swear they are willing to give their lives for you every time they leave their families to go on duty. What would that be worth to you for your own life, your son's, your daughter's, your wife's ? You list the benefits of the job when they are hired. One is membership in a pension plan. They know that you will contribute a percentage of matching funds after a period of time they have worked for you. In these days and times job benefits for insurance, retirement, etc count more than anything else. If the Pension Fund has good financial management it will grow enough to remain solvent and secure while still providing help for its members, retirees, widowers instead of stockpiling money like a bank.

Times have also changed in that in the past a widower received a portion of his/her social security check after the passing of his/her spouse. Just in the past few years that has been completely abolished. A widower has no benefit for survival after the loss of a spouse.

But I don't think I should have to list all the reasons to justify the 13th check. For me, I have a home bound ill daughter who has rarely even visited any of us for 12 years and we can't visit her or we will contaminate her surroundings. So our check has always represented a way to take care of our children, or part of what we spent on parole hearings and some other personal, tragic incidents related to what Hank would have used it for.

Just a short time ago we had the honor of attending your memorial services for our loved ones who gave their in the line of duty. I did not know how much controversy there was until a stranger mentioned it. The department was wonderful. The ceremony was amazing. We finally left our weight of grief there instead of bringing it back with us. I look at Hank's face there in front of the wave of the flag and see our daughters' close resemblance from 20 years ago. We can remember the good times now and bring our grandchildren to see these magnificent tributes. As far as the controversy goes, there was only a beautiful spirit of warmth of support and compassion that day. Please don't make that day just words and symbols by taking away the 13th check. *Please find the closing to the letter of the last page of this publication.....*

WELCOME NEW PENSION MEMBERS!

Michael P. Browne

Robert Channer

Catlin Giffen

Wilson Gouveia

Carlos Idarraga

Robert Joseph

Ryan O'Malley

Jeremy Ownbey

Daniel Ruiz

Joshua Triplett

Caleb Whitten



The Board recently learned that the City of Hollywood hired a new Human Resource Director. We extend a warm welcome to Tammie Hechler, who replaced Gail Reinfeld.

Mission

Serving those who serve Hollywood by enhancing the employment experience, promoting teamwork, empowering employees and providing quality service.



ECONOMIC ENVIRONMENT

Key Indicators Remained Encouraging

The latest statistics point to weak economic growth during the past quarter. Estimates for the first quarter real GDP growth rate had been a bit below 2% following the previous quarter's 2.6% figure. However, the preliminary numbers from the Dept. of Commerce indicate an anemic 0.1% figure. The drop off has been attributed to the unusually cold and snowy winter in the East rather than any fundamental weakness. Nonetheless, job growth averaged 183,000 during the last 12-months. Home prices edged upward during the quarter, increasing by double digits for the fiscal year. Manufacturing and service sector activity were appreciably positive and well above the expansion level. Consumer confidence remained surprisingly healthy. Inflation continued to be low, 0.4% for the quarter and 1.5% for the trailing year.

Below are the first quarter economic highlights:

- The final real GDP growth rate for the fourth quarter was 2.6% vs. 4.1% for the 3rd quarter. While lower than the prior quarter, there were gains from consumer spending, net exports and capital spending. Federal Government expenditures continued a multi-year decline. Preliminary economic estimates for Q1 indicate continued positive growth, but at a slower rate.
- The Bureau of Labor Statistics reported a gain of 192,000 jobs in March and a healthy 183,000 average monthly gain during the latest 12-months. The unemployment rate remained at 6.7%. Unfortunately, the number of job seekers remained a relatively high 10.5 million. There were 3.7 million long-term (more than 6-months) unemployed workers in March, down by 837,000 from a year ago.
- Home prices rose 0.8% in February and are expected to increase another 0.5% in March. Homeowners feel wealthier, as prices have gained 12.2% during the latest 12-months. Importantly, there have been 24 months of consecutive annual price increases. Still, prices remain 16.9% below their 2006 peak.
- The manufacturing and service sectors expanded briskly in March, continuing a stretch of more than four years of monthly growth. The March ISM manufacturing Index registered 53.7%, with new orders at 55.1% and production rising to 55.9%. (Any percentage above 50% indicates net growth.) Fourteen of eighteen manufacturing industries gained ground. Only apparel, wood products, electrical equipment and a miscellaneous manufacturing category declined. The service index also climbed to 53.1%, as most service industries performed well; only mining, education, rental agencies and health care assistance declined.
- The Consumer Confidence Index rose from 78.1 to 82.3, during the quarter. A consumer poll showed that consumers were satisfied with current salary and job security, but even more optimistic regarding their future prospects. The expectations index climbed from 76.5 in February to 83.5 in March.
- The DJ-UBS Commodity Index posted its best quarterly start since 2008 (+7%). The gain was largely induced by: (1) Russian-Ukrainian tensions, which are expected to spur higher commodity prices; (2) bad weather; (3) livestock disease issues; and (4) a stabilized dollar in the currency markets. Gold climbed 6.8% and energy gained 4.2%, but copper dropped almost 10% on expectations for slower growth in China.
- CPI inflation was remarkably quiescent, given the Fed's tapering program. The March inflation rate was a low 0.2%, producing a 0.4% figure for the quarter and 1.5% for the trailing year.
- Beginning in April, the Fed's mortgage and long maturity Treasury purchases will be reduced to \$55 billion per month from the \$85 billion that was in effect before the taper. The latest reduction reflects the Fed's assessment that the economy and related employment are making cumulative progress. Nonetheless, the Fed believes that the lower bond-buying program will exert enough downward pressure on interest rates to support low home mortgage rates as well as lower corporate loan rates.

Source: Dahab Associates

INTERNATIONAL EQUITIES

Developed Markets Performed Acceptably

MSCI EAFE (developed markets) returned a low positive 0.8%. Significant declines in Japan and Hong Kong offset spectacular gains among the economically hardest-hit European countries. All five of the so-called PIIGS country indices continued to advance sharply. While Greece is not currently part of the EAFE Index, its market experienced continued expansion. Portugal, Ireland, Italy and Spain showed mid-to-high single digit to double-digit gains. However, concerns about deflationary pressures dampened growth in Germany (-0.3%) and France (+3%), while the UK also disappointed, dipping 0.8%.

Australian equities posted a strong 6% return due to higher commodity prices and better economic data. Japan, the largest index component, ended the quarter down 5.5%, amid weak economic growth; a strengthening yen (hurting exports); and especially the 3% pending increase in the value added tax. Hong Kong's 3.4% drop mirrored China's declining growth rate. Weak property prices and slow gains in Macau casino revenue were additional negative factors. Two small EAFE markets rose spectacularly; New Zealand, battling its way back from a recent earthquake, soared 16.7%, while Israel's high-tech sector drove an 18.7% surge.

Emerging markets again turned in weak results (-0.4%). Several political factors helped cloud the picture, including the Russian-Ukrainian standoff and vocal opposition to the Venezuelan and Thai governments. Slowing growth in China and concerns about that country's banking system also contributed to the weakness.

Russian shares plummeted 14.5% after the accelerated aggression against the Ukraine. The invasion of Crimea triggered significant economic sanctions against Russia, which, in turn, caused investor uncertainty and a global flight from capital investment. India climbed 8.2%, on the strength of national election fervor and promises of economic reform. Banking problems and slowing, albeit still high growth in China, led to a 5.9% fall in that country's index.

The Indonesian market soared more than 21%, lifted by hopes for reform and improving current account deficits. Despite political opposition, Thailand advanced 7.5% and Turkey gained 4.8%. The election results in Turkey solidified PM Erdogan's power base and reform programs, boosting investor confidence. Recovering from its recent typhoon, the Philippines rose an unexpected 10.3%. Mexico shed 5%, related to disappointing GDP growth and in spite of progress against its infamous drug cartels. Korean shares slid 2% despite rising exports.

Greece again surprised on the upside, surging another 18.1%. This spectacular return was directly attributable to the economic reforms it made in return for successive ECB bailouts; in fact, there has been enough optimism to allow the country to sell new debt in the open market. Finally, investors saw promise in the tiny Egyptian and South African markets; Egypt added 9.2% and South Africa added 4.9%.

EQUITY MARKET

Quiet Quarterly Results Masked a Volatile Quarter

US stocks fell in January, but climbed back in February and March. Combining the three months yielded only modest gains and losses. The broadest market gauge, the Russell 3000, rose 2%, followed by the S&P's 1.8% gain. The tech-laden NASDAQ Composite added only 0.8%, while the DJIA declined slightly (-0.2%). Mid-caps outperformed both large and small-caps. The Russell Mid-cap Index rose 3.5% vs. 2.1% for the Russell 1000 and 1.1% for the Russell 2000. Value was the clear winner among styles. For example, mid-cap value grew 5.2% vs. a 2% gain for mid-cap growth.

All S&P sectors, except consumer durables, gained ground during the quarter. Utilities saw the biggest advance (6.1%), buoyed by a decline in long maturity interest rates. Technology stocks were a close second (5.1%); this was a reflection of momentum and several big tech IPOs, as opposed to higher earnings. Increased spending helped boost the consumer non-durables sector (3.3%). However, consumer durables lost 0.3% partly due to poor weather conditions. Who feels like buying a new refrigerator when there is a foot of snow outside? The real sleeper was the REIT sub-sector, including mostly non-S&P names; REITs soared almost 10%. Like utilities, REITs benefited from lower interest rates. The REIT performance bounced back smartly from last year when it was ranked dead last among all equity sectors.

Don't Forget To Visit Us !!!
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QUOTABLE QUOTE

Ensuring fairness in the American workplace should be a cornerstone of our economic policy.

- Tim Scott

Disclaimer

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In Closing....

In Memoriam:



John Childers

&

James Walsh

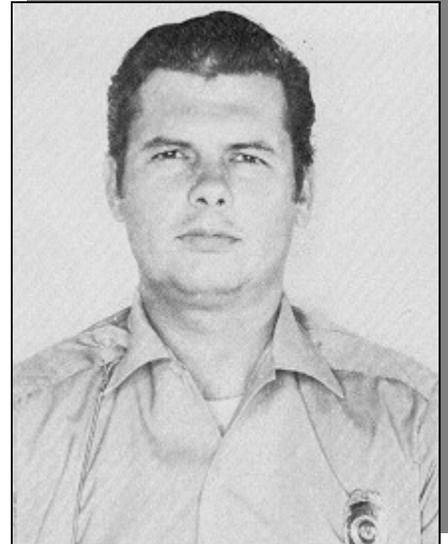
Let us remember those who recently passed. Kindly keep them and their families in your thoughts and prayers.

Never Forget—Conclusion

Please consider all of the officers and widowers when you take your actions today. I have sat on your side of the budget difficulties. I have never asked you for anything, even when I had no benefits at all. For you this is a line item in this balancing act of figuring out where to get the money to run the city, which I understand. But to us the 13th check means you have decided we do or do not deserve to have a benefit taken from us. After all is said and done every officer was sworn to be Henry Minard and every family must be ready for the End of Watch.

Kindest regards,

Suellen Minard Fardelmann



Officer Henry T. Minard

EOW: November 18, 1972