



Police Pension News

A Hollywood Police Officers' Retirement System Publication



Issue 16

Date of Issue:

Fourth Quarter 2005

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The Board of Trustees wish you and your family a very happy holiday season and a prosperous new year in 2006!

QUARTERLY PENSION FUND SUMMARY

On September 30, 2005, our fund had a total market value of \$172,597,000. For the quarter, the fund gained \$4,615,000.

For the quarter, the average allocation of our fund was 58.9% invested in stocks, 36.3% in bonds, and 4.8% 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 September 30th, the total fund gained 2.76% (gross), beating our benchmark that was up 1.73%. In the previous quarter, the fund gained 1.35%. After investment management expenses, for the quarter our fund net return was 2.64%.

For the third quarter of 2005, the best performing sector among US stocks was energy, which rose 16.08%

and the worst was telecommunications services, which declined -0.57%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) rose 4.7% for the twelve months ended in September.



In the third quarter, consumer prices rose at a seasonally adjusted annual rate of 9.4%. The Producer Price Index (PPI) for finished goods rose 6.9% for twelve-month period ended in September.

The seasonally adjusted unemployment rate was 5.1% in September, compared to 5.0% in June. Real Gross Domestic Product

(GDP) rose at an annual rate of 3.3% (final) for the second quarter of 2005, compared with an increase of 3.8% (final) in the first quarter of 2005.

During the third quarter of 2005, the Federal Reserve Open Market Committee raised its target for the federal funds rate 50 basis points to 3.75%. The federal funds rate is the interest rate that banks charge each other for overnight loans.

Readers note: Not enough investment details for you? No problem, you may also view complete investment reports on-line at the pension website.

Please see related stories on page two that outline the one year and long term rate of returns.

Total Fund Summary

One Year: For the fiscal year our fund gained 8.74% (net), while our benchmark was up 8.08%. Stocks were up 14.34%, while our benchmark was up 13.15%. Bonds were up 2.02%, which was even with our benchmark. For the fiscal year Inverness' large cap stocks are up 14.04%, Davis, Hamilton, & Jackson's growth stocks are up 13.12%, Buckhead's value stocks are up 11.90% and Eagle's small cap stocks are up 21.90%. The S&P 500 index is up 12.25%.

Long Term: Since September 30, 1992, the fund has an average rate of return of 8.80% per year. For the last five years, the total fund has an average rate of return of 2.76% per year, which out-performed the overall combined stock and bond markets' 2.10% return. During that time, stocks averaged -0.76% and bonds averaged 6.91%, while their benchmarks averaged -2.28% and 6.52%. For the last three years, stocks had an average return of 15.73%, while bonds averaged 4.28%.

TOP 10 STOCKS

INVERNESS COUNSEL	DAVIS, HAMILTON & JACKSON	EAGLE ASSET MANAGEMENT	BUCKHEAD CAPITAL MANAGEMENT
<i>Large Cap Core</i>	<i>Large Cap Growth</i>	<i>Small Cap Core</i>	<i>Large Cap Value</i>
Devon Energy GE Procter & Gamble PepsiCo American Express ExxonMobil Harris Alliant Techsystems Honeywell McDermott	Procter & Gamble Microsoft GE Wyeth PepsiCo CVS Sprint Nextel Johnson & Johnson Emerson Electric Schlumberger	FMC Technologies Chicago Bridge Scientific Games Respironics Amphenol Ansys ESCO Technologies Ametek Forward Air PartnerRe	ConocoPhillips Altria Group Microsoft Gannett Allied Waste NY Community Bank First Data J.P. Morgan Chase SBC Communications Oracle

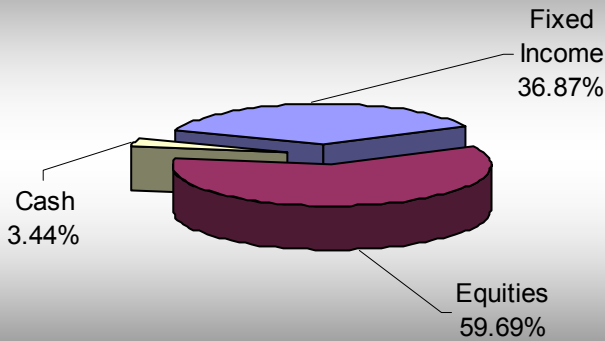


JUMP START YOUR DROP

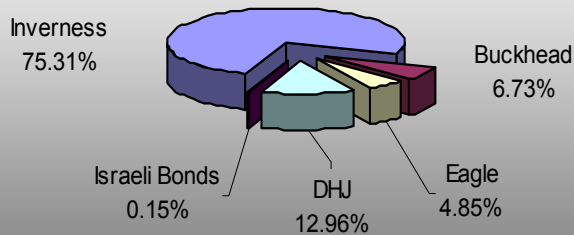


According to Drop Rule 3.3, a Drop member may make after - tax contributions to his (her) DROP Account during the first 12 months of his (her) participation in the DROP. His (Her) after-tax contributions shall be 25% of the Drop member's compensation as reported on Form W-2 for the last 12-month period or up to \$30,000.00.

Plan Asset Allocation as of September 30, 2005



Division of Assets by Investment Manager as of September 30, 2005



Retiree Corner



Congratulations to our latest Retirees

- Cynthia Ruiz* 09-30-05
- Wayne Sauvola* 09-30-05
- * Archie Hart* 10-01-05
- Curtiss Navarro* 12-01-05
- Michael Saffran* 12-01-05

** Vested Member*

Congratulations to our latest DROp Members

- Angel Delarosa* 09-01-05
- Richard Friedman* 09-01-05
- Evelyn Heath* 10-01-05



Thanks Wilma - Hurricane Damages Pension Office

The Board of Trustees wishes those who live in the effected areas of *Hurricane Wilma* the very best. It is hoped that you and your loved ones were spared from the wrath of the storm and its after effects.

The building the pension office is housed in was devastated as a result of the storm. The roof was completely blown off exposing all of our equipment and furnishings. However, due to *internal controls* that were in place by the efforts of the Board, we were effectively back in service, from a satellite location by weeks end.

At this point, the Board wanted to update you on various temporary measures that have been put into place until a new site location has been established.

Contacting Us: *BellSouth* administers our voicemail system off site. As such, it is still operational. Until further notice, please utilize our same phone number (954.967.4395) to leave a message for any Pension Trustee or our Plan Administrator.

The service will be checked throughout the day and your call will be returned as soon as possible. If you call, kindly provide a detailed message so your time will be better served.

Our e-mail address has not changed. You may continue to e-mail Dave Williams at davew@hollywoodpensionfund.com.

Correspondence: Until further notice, please direct all written communication to 11985 Southern Blvd., #322, Royal Palm Beach, Florida 33411. *Please no inter-office mail.*

Payments from the System: Rest easy, there should be no interruption of your monthly retirement payment from our bank to your financial intuition.

Meetings: The site location(s) for upcoming meetings(s) are pending at this juncture. Once it has been determined, public notice will be given as in the past, and a posting will be made to our web site.

Appointments: Providing the highest level of service to you has always been paramount. Many of you are accustomed to

dropping in to the office unannounced for a fresh cup a coffee and a smile. Unfortunately, as we have no office, appointments will have to be made until further notice. Our Plan Administrator will make every effort to accommodate you.

The Board will be aggressive in establishing an office elsewhere. You will be notified as warranted. Until then, rest assured that we are still here to serve you.

Here are some photos of the office Post Wilma!



Rear of the credit union building



Conference Room





Our new AC Unit lands in the parking lot



David Strauss & Larry Wiener checks out the office.



Main hallway of the office



Debris falls from the sky



DROP – Tax Considerations

An issue that comes up often is the topic of the 10% excise tax on early distributions from the DROP. According to our tax advisor, one way to avoid the excise tax is for the payment to be made after the retiree both separates from service and attains age 55. The payment will be treated as if it was made after the retiree attains age 55, if the distribution is made after the retiree separates from service and the separation occurs during or after the calendar year in which the retiree attains age 55. Thus, if the retiree is age 54 when he retires in March 2006, receives a distribution in April 2006 and reaches age 55 in January 2007, the distribution would be subject to the

excise tax because the separation did not occur in the same calendar year the retiree attained age 55. However, if the retiree separates from service in March 2006 at age 54, receives a distribution in April 2006 and attains age 55 in December 2006, there would be no excise tax on the payment because the separation occurred during the same calendar year the retiree attained age 55. See IRS Notice 87-13 for further details.

Another way to avoid the excise tax is for the retiree's DROP account to be paid to him in substantially equal periodic payments over his life

expectancy. However, if the series of payments is subsequently modified before the later of (1) the fifth anniversary of the first payment and (2) the date the member attains age 59 1/2, the excise tax will be applied retroactively to all amounts received. Once the retiree has both received payments for five years and attained age 59 1/2, the amount and frequency of the payments can be changed without triggering the excise tax.

Please Note: The foregoing is not to be considered tax advice. Consult with your own financial planner and tax advisor before making any decisions.

**The Board of Trustees congratulates our most recent
Certified Public Pension Trustee !!
 Steven Diefenbacher, CPPT**



Steve was recently awarded the CPPT “*Certified Public Pension Trustee*” certification through the Florida Public Pension Trustees Association. Steve proudly joins the ranks of several past and present Board Members who attained this distinction.

The CPPT certificate is awarded by attending educational seminars and conferences, and includes in depth examinations on the material. The educational seminars include such topics as Asset Allocation, Capital Markets Stocks/Bonds, Fiduciary Responsibilities, Economics, Pension Fundamentals, Performance Reporting, Legal Issues and other Public Pension Business.



STOCK SPOTLIGHT



Meridian Bioscience (Ticker: VIVO)

Sector: Healthcare

Industry: Diagnostic Substances

Market Capitalization: 529 million

Comments: Manufactures and markets antibody-based tests aimed at the detection of infectious diseases. With all segments performing well, Meridian reported solid earnings results for its most recent quarter. Interest expenses declined and volumes of high-margin product lines increased.

Average cost in the Hollywood Police portfolio: \$8.88, currently trading at \$22.07

Chicago Bridge and Iron Co. N.V. (Ticker: CBI)

Sector: Industrial Goods

Industry: General Contractors

Market Capitalization: 2.78 Billion

Comments: operates as an engineering, procurement, and construction company and is a high cash producer. Over 80% of the company's revenues are concentrated in the oil and gas markets, and it is one of the best positioned companies to benefit from the expected increase in global hydrocarbon spending and the growing liquefied natural gas market.

Average cost in the Hollywood Police portfolio: \$23.31, currently trading at \$28.39

Qualcomm (Ticker = QCOM)

Sector: Technology

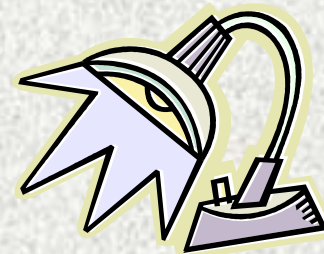
Industry: Communications Equipment

Market Capitalization: \$16.2 Billion

Digital Wireless Communications Products

Comments: This company develops, delivers, and licenses digital wireless communications products and services based on the company's CDMA digital technology. Wireless handset growth expectations for 2005 and 2006 continue to move higher, especially for units featuring data capability. Due to this favorable backdrop, Qualcomm now has visibility as to the timeline for WCDMA rollout as the next generation 3G wireless technology starts to experience greater adoption by both wireless carriers and consumers.

Average Cost in Hollywood Police Portfolio: \$41.55 per share, currently trading at \$45.61.





Welcome
New
Pension
Member!



Lemmie Russ
August 10, 2005

SMALL CAP – PORTFOLIO REVIEW

Eagle Small Core portfolios outperformed the benchmark Russell 2000 Index for the quarter and remained ahead on a year-to-date basis.

Our weighted average market cap is \$1,813 million compared to \$1,065 million for the Russell 2000 Index. Last year we began a gradual shift into slightly larger stocks within our discipline because we believe this move would prove beneficial in the current environment. The shift has paid off so far this year because the mid to larger stocks in our portfolios and in the index have performed best.

Growth stocks continue to appear cheap on a historical basis when compared to value. Historical comparisons of price-to-earnings, price-to-book, price-to-sales and P/E-to-growth of the two indices all show the Russell 2000 Growth is below its long-term averages when compared to the Russell 2000 Value Index by as much as 15%-25%. We believe our slight growth bias will help us going forward because we believe growth stocks will regain some of that ground.

Our best absolute-performance sectors for the quarter were energy and industrials. Energy continued to benefit from

high oil and natural-gas prices. Top names included FMC Technologies, Dril-Quip, Unit and Southwestern Energy. In the industrials sector, our best-performing stocks included Chicago Bridge & Iron, Forward Air and Landstar System. Our top-performing sector on a relative basis was consumer discretionary. Here, we were overweight and outperformed in the hotels and leisure space. Winners included Scientific Games and GTECH Holdings. Also, we had virtually no exposure to specialty retailers, which had the largest negative contribution to returns of the consumer discretionary industries in the index.

Lagging on a relative basis during the quarter were information technology and materials, although both sectors had positive absolute returns. In technology, we had no exposure to the communications equipment space that was one of the best-performing technology subsectors in the index. Poor materials performers included chemicals stocks Minerals Technologies and MacDermid.

Note to the Reader: Eagle Asset Management has run the small cap portfolio for our System since January 8, 2003. The small cap portion of our fund is valued at \$7,931,383 as of June 30, 2005

Congratulations & Good Luck!!

Please join the Board of Trustees in congratulating the following personnel:

Captain Michael Browne to *Major*

Captain Frank McGarry to *Major*

Lieutenant Vincent Affanato to *Captain*

Lieutenant Mark May to *Captain*

Lieutenant Mark Smith to *Captain*

Sergeant Diana Pabon to *Lieutenant*

Sergeant Check Roberts to *Lieutenant*

Sergeant Scott Pardon to *Lieutenant*

Officer John Marino to *Sergeant*

Officer Michael DeJesus to *Sergeant*

Officer Julio Gonzalez to *Sergeant*



Reporting a Death of a Retiree



While it is not a popular topic to discuss, it is important and cannot be denied.

It has been reported that pension plans throughout the United States have been paying deceased members for many years. This is obviously wrong, and the Board of Trustees have a fiduciary duty to ensure that it does not happen here in Hollywood.

The *Hollywood Police Officers' Retirement System* should be notified as soon as possible when a retiree of the System has died. You can report the death to our Plan Administrator by calling our local number at **954.967.4395**, or our toll-free number, **1-866.738.4776**, between the hours of 8 a.m. and 4 p.m. on business days. Detailed messages may also be left after hours.

If you are, understandably, not up to making the report yourself, please consider having another family member or a family friend do so.

The last thing we want to do is recover retirement payments made to deceased members. Therefore, it is imperative that we are contacted as soon as possible.

Survivor's may be entitled to continued benefits based on the retiree's benefit selection and city ordinance.

The Board of Trustees' pledges to do whatever we can under the color of law to help your loved ones during that difficult time.

HPD ALUMNI REUNITES!

Congratulations are in order to the *Hollywood Police Alumni Association*, for their 7th Annual Reunion.

The event took place on September 30th to October 2, 2005. Approximately 100 HPD Retirees (and guests) from across the nation joined together for a weekend of events and war stories in Ocala, Florida.

The Board of Trustees would like to recognize the efforts of the following retirees (and their spouses), who have done so much work with the HPD Alumni Reunion. Dick & Arliss Hynds and their associates, Mr. & Mrs. Bill Harms and Mr. & Mrs, Ted Coombs.



Don't Forget To Visit Us !!!

www.hollywoodpolicepensionfund.com

THE BOARD OF TRUSTEES

David Strauss, Chairman

Cathy Marano, Secretary

Richard Brickman, Trustee

Larry Wiener, Trustee

John Barbuto, Trustee

Steven Diefenbacher, Trustee

Fred Okamoto, Trustee

Temporary Mailing Address
11985 Southern Blvd., #322
Royal Palm Beach, Florida 33411

Phone: 954.967.4395

Out of town? - Please Call Toll Free: 866.738.4776

Fax: 954.967.4387 (*Service Suspended*)

Email: info@hollywoodpolicepensionfund.com

From the desk of Dave Williams

As I look back on all the accomplishments of the year, I primarily take pride in the new friendships that I have forged. Working with such great people makes my job so much more rewarding.

With the holidays among us, I ask you to ponder this, "Be true to your work, your word and your friends". (Henry David Thoreau)

From my family to yours, I sincerely wish you and your family a happy and joyful holiday season.

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....

In Memoriam - Titus Vintila

The Board of Trustees extends their condolences & sympathy to the Vintila Family for their loss. Titus worked at the HPD from 1959 to 1979. *Peace be with you Titus!*

DROP Distributions

Retired Drop members, please note the following dates. If you are a retired Drop member, and have requested an annual distribution from your Drop account, payments will be released to your bank (*or mailed to you, if requested*) on the first business day after January 1, 2006. Additionally, if you have requested quarterly Drop payments (*in addition to January 1, 2006*), they are scheduled for release on April 1, 2006, July 1, 2006 and October 1, 2006, or the first business day thereafter if those dates fall on a weekend.

In Memoriam - Robert Clarke

The Board of Trustees is also saddened to announce the loss of Robert Clarke. Robert worked at the HPD from 1960 to 1984. *Robert's family are in our thoughts and prayers.*

Name Change?

Marriage and divorce are common reasons for name changes. If you have legally changed your name, please let us know by completing a change of name form.

2006 Meeting Calendar

The Board of Trustees hope you find our 2006 calendar helpful throughout the year. It was printed before Wilma.



Important To Consider!

Well it happened again, and again. A member came in to the office to see who he had listed as a beneficiary and learned he had listed a deceased relative. Another member came in a learned that after twenty years of marriage,



his wife was never listed as his beneficiary. Thankfully, their loved ones was not hurt by this oversight. The Board of Trustees cannot stress enough, how important it is to keep your beneficiary forms up to date. Call the office for a new form today, or simply click away at www.hollywoodpolicepensionfund.com. Beneficiary forms may be obtained on-line. Fill it out and send it in to the Office of Retirement.