

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

DROP PLAN INVESTMENT ELECTION FORM

All DROP participants are given an opportunity to have their DROP accounts invested along with the Pension Fund and be credited with the same net earnings (or losses) experienced by the Fund as a whole. Alternatively, they may choose to have their DROP Accounts invested in an Employee-Directed Mutual Fund program.

The Retirement Board, with the assistance of its Consultant, has selected certain Mutual Funds to offer DROP Participants who are electing the Employee-Directed Mutual Fund program. These Funds make up the menu from which DROP Participants can choose. Information about these investment Funds is attached or available from the **Tegrit Administrators LLC (TEGRIT)** Internet site, which is the DROP Plan's Recordkeeper. In accordance with Florida Statutes, our consultant will generally monitor these investment funds and report to the Board periodically.

I understand that this election decision is reviewable once per calendar year. I hereby make the following election:

_____ **Fund Rate Option.** I wish to have my DROP Account invested without distinction along with the rest of the Pension Fund. I understand that my Account will be credited with the same earnings (or loss) rate as experienced by the Pension Fund as a whole, net of investment and administrative expenses.

_____ **Employee-Directed (or Mutual Fund) Option.** I hereby request my DROP Account to be invested among the Mutual Funds included in the menu in accordance with my designated Asset Allocation percentages. I have designated my initial investment instructions on the Asset Allocation form. I understand that this may take up to 90 days to implement during which I must be placed under the Fund Rate Option. This election will be rejected if you do not complete the Asset Allocation form.

I understand that if I do not make my decision and return a fully completed DROP Election Form to the Plan Administrator, I will be deemed to have elected the Fund Rate Option and cannot choose the Employee-Directed Option until next calendar year. I understand that whichever Option I choose today: (1) the decision is irrevocable for the rest of this calendar year; (2) I will have to wait until next year to change to the other Option; and (3) in the future, I can only change my Option once each calendar year.

I have reviewed all material made available to me (Investment Sheet, brochure entitled Employee Directed Mutual Funds DROP Plans, Morningstar Reports and Fund prospectuses). I have reviewed and understand information regarding expenses presented on the reverse side this form. I understand how the Fund Rate Option and the Employee-Directed Mutual Fund Option work.

I understand that I am making an important investment decision and that I should consult with my own advisers for guidance on this decision and on any other decisions relating to the Mutual Funds. I understand that, within the Mutual Fund program, I may change my investment asset allocation in the future, subject to certain restrictions. I will not hold the Board, its members, agents or advisers responsible for my investment decisions or the consequences thereof.

Any transfers necessary to implement the Employee-Directed Mutual Fund Option for my DROP Account will commence as soon as practicable following the submission to TEGRIT of this fully executed DROP Plan Election Form and any other documents needed. I understand that, if I elect the Employee-Directed Mutual Fund Option, any DROP Account I have will be transferred and invested in a two-step process: (1) A portion (90%) of my current DROP Account will be transferred and invested according to my instructions and (2) The balance will be transferred and invested as soon as practicable following the crediting of earnings (or losses) for the last calendar quarter. The current Fund Rate method credits earnings for a calendar quarter on only one certain day each quarter -- as of the last day of the quarter -- to any/all Accounts with a balance remaining on that day. Accordingly, there will be no credit (or charge) for earnings (or losses) on the balance or on the last quarter's earnings for the time between the end of the last calendar quarter and the time of the final transfer of the balance.

Participant's Name (Print): _____

Participant's Social Security No.: * _____

Participant's Signature: _____

Date: _____ Phone No: _____

Mailing Address:** _____

RETURN FULLY COMPLETED FORM TO:
2335 East Atlantic Boulevard, Suite 400
Pompano Beach, Florida 33062

ACCEPTED BY:

Plan Administrator: _____

Date: _____

* See **Collection of Social Security Number Statement of Disclosure** – Attachment 1-A

** Used by TEGRIT solely for mailing quarterly statements or other plan information.

FEES AND EXPENSES

The expense charged to an Account with the Fund Rate Option continues to be 0.75% per year. This expense is intended to cover both the *investment-related* expenses and the *administrative* expenses of the Fund Rate Option.

The expenses for the Employee-Directed Mutual Fund Option are split into two pieces. The mutual fund company, of course, charges a fee usually called an “expense ratio” (see chart below) for the *investment-related* expenses. They usually charge a piece of this fee each day before calculating the day’s Net Asset Value, or closing price. This way, the rates of investment return published and credited by mutual funds are always net of this expense ratio. So there is no separate charge for the investment-related expenses. The annual *administrative* expense charged to an Account is 0.50% of the first \$50,000 in your DROP Account and 0.25% of the excess of your Account over \$50,000. But the total of this fee is further reduced each quarter by whatever amounts the mutual funds pay in commissions or other revenue sharing.

In addition, the Board pays for implementing these DROP Options and for monitoring the investment performance. These costs are paid out of the pension fund, and are not charged to your Account.

Following is a table that presents the investment-related expense of the Total Fund (for Fund Rate Participants) and presents the expense ratios of the mutual funds made available in the Employee-Directed Mutual Fund program. This table also presents, for information purposes, the net annualized investment return for the 3-year period ending December 31, 2009. These data are obtained from Zephyr StyleAdvisor as of December 31, 2009.

<u>Fund Name</u>	<u>Style</u>	<u>Ticker Symbol</u>	<u>Investment Expense</u>	<u>1-Year Annualized Net Return</u>	<u>3-Year Annualized Net Return</u>	<u>5-Year Annualized Net Return</u>
Pension Fund Option				24.55%	-0.68%	1.97%
Eaton Vance Large Cap Value	Large Value	EHSTX	1.00%	17.01%	-5.52%	2.24%
Mainstay Large Cap Growth	Large Growth	MLRRX	1.06%	39.78%	1.49%	4.18%
SSgA S&P 500 Index Fund	Large Blend	SVSPX	1.11%	26.22%	-5.73%	0.28%
Goldman Sachs Mid Cap Value	Mid Value	GCMAX	1.05%	33.98%	-4.45%	2.55%
Goldman Sachs Growth Opportunities	Mid Growth	GGOAX	1.38%	57.58%	3.99%	4.50%
Victory Special Value A	Mid Blend	SSVSX	1.28%	32.59%	-5.36%	3.37%
Columbia Small Cap Value I Z	Small Value	CSCZX	1.05%	33.33%	2.62%	6.63%
AIM Small Cap Growth	Small Growth	GTSAX	1.28%	34.52%	-2.83%	2.58%
Neuberger Berman Genesis	Small Blend	NBGAX	1.11%	25.88%	0.81%	4.92%
Total Domestic Equity						
Thornburg International Value	International Value	TGVRX	1.45%	31.43%	-0.83%	6.48%
Artisan International Inv	International Growth	ARTIX	1.22%	39.77%	-3.89%	5.32%
American Funds Europacific Gr R4	International Blend	REREX	0.85%	38.71%	-0.83%	7.41%
Evergreen Emerging Markets Growth	Emerging Markets	RMGAX	1.86%	72.85%	6.52%	18.56%
Total International Equity						
PIMCO Total Return Bond	Intermediate Bond	PTTAX	0.90%	13.33%	8.68%	6.35%
Goldman Sachs High Yield	High Yield Bond	GSHIX	0.73%	50.04%	3.28%	4.90%
Templeton Global Bonds	International Bond	TPINX	0.92%	18.87%	11.88%	9.03%
Schwab Money Market	Money Market	SWIXX	0.49%	0.01%	0.19%	0.24%
Total Fixed Income						
AIM Global Real Estate	Real Estate	AGREX	1.38%	30.65%	-12.08%	N/A
PIMCO Real Return	Inflation Protected Securities	PRTNX	0.90%	16.94%	6.57%	4.30%
Oppenheimer Gold & Special Minerals	Gold	OPGSX	1.06%	79.31%	12.47%	21.93%
Jennison Natural Resources	Natural Resources	PGNAX	1.23%	73.17%	6.05%	17.43%
Total Alternatives						

To irrevocably invest your DROP Account in the Employee-Directed Mutual Fund program, you must provide your initial investment instructions on this Form. Thereafter, you can change your investment instructions at the **Web Site at www.onlineretirement.org** or the toll-free telephone **Voice Response System by dialing (800) 991-9196**. If you have any questions, please contact Tegrity at (864) 699-6900. You can change your Fund percentage elections or transfer amounts from one Fund to another, in accordance with established procedures. But for now, you must indicate your initial investment instructions below. This will tell us how much to invest in which Funds. Just fill in specific percentages for the Mutual Funds listed. But make sure they add up to 100%.

<u>Fund Name</u>	<u>Style</u>	<u>Design Your Own</u>
Pension Fund Option		%
Eaton Vance Large Cap Value	Large Value	%
Mainstay Large Cap Growth	Large Growth	%
SSgA S&P 500 Index Fund	Large Blend	%
Goldman Sachs Mid Cap Value	Mid Value	%
Goldman Sachs Growth Opportunities	Mid Growth	%
Victory Special Value A	Mid Blend	%
Columbia Small Cap Value I Z	Small Value	%
AIM Small Cap Growth	Small Growth	%
Neuberger Berman Genesis	Small Blend	%
Thornburg International Value	International Value	%
Artisan International Inv	International Growth	%
American Funds Europacific Gr R4	International Blend	%
Evergreen Emerging Markets Growth	Emerging Markets	%
PIMCO Total Return Bond	Intermediate Bond	%
Goldman Sachs High Yield	High Yield Bond	%
Templeton Global Bonds	International Bond	%
Schwab Money Market	Money Market	%
AIM Global Real Estate	Real Estate	%
PIMCO Real Return	Inflation Protected Securities	%
Jennison Natural Resources	Natural Resources	%
Oppenheimer Gold & Special Minerals	Gold	%

As an alternative and for your convenience, you can just select one of the pre-designed “Model Portfolios”. Tegrit helped the Board design these Model Portfolios. So, rather than completing the chart above with percentages you determined for yourself, you can simply select one of the Model Portfolios described below based on your own tolerance for risk and your own needs and expectations for returns. So, as an alternative, you can just **CIRCLE ONE OF THE MODEL PORTFOLIOS** below.

Fund Name	Style	Model 1	Model 2	Model 3	Model 4	Model 5
		Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
		30/70	40/60	50/50	60/40	70/30
Eaton Vance Large Cap Value	Large Value	2%	4%	6%	7%	8%
Mainstay Large Cap Growth	Large Growth	2%	4%	6%	7%	8%
SSgA S&P 500 Index Fund	Large Blend	2%	4%	4%	4%	6%
Goldman Sachs Mid Cap Value	Mid Value	1%	1%	1%	1%	1%
Goldman Sachs Growth Opportunities	Mid Growth	1%	1%	1%	1%	1%
Victory Special Value A	Mid Blend	0%	0%	0%	2%	2%
Columbia Small Cap Value I Z	Small Value	1%	1%	1%	1%	1%
AIM Small Cap Growth	Small Growth	1%	1%	1%	1%	1%
Neuberger Berman Genesis	Small Blend	0%	0%	0%	0%	2%
Total Domestic Equity		10%	16%	20%	24%	30%
Thornburg International Value	International Value	3%	6%	7%	9%	11%
Artisan International Inv	International Growth	3%	6%	7%	9%	11%
American Funds Europacific Gr R4	International Blend	3%	4%	6%	6%	8%
Evergreen Emerging Markets Growth	Emerging Markets	2%	4%	5%	6%	8%
Total International Equity		11%	20%	25%	30%	38%
PIMCO Total Return Bond	Intermediate Bond	40%	32%	23%	16%	4%
Goldman Sachs High Yield	High Yield Bond	2%	3%	5%	6%	8%
Templeton Global Bonds	International Bond	0%	2%	4%	5%	5%
Schwab Money Market	Money Market	30%	20%	15%	10%	6%
Total Fixed Income		72%	57%	47%	37%	23%
AIM Global Real Estate	Real Estate	2%	2%	2%	3%	3%
PIMCO Real Return	Inflation Protected Securities	2%	2%	2%	2%	2%
Jennison Natural Resources	Natural Resources	2%	2%	3%	3%	3%
Oppenheimer Gold & Special Minerals	Gold	1%	1%	1%	1%	1%
Total Alternatives		7%	7%	8%	9%	9%
		100%	100%	100%	100%	100%

Participant's Name (Print): _____

RETURN FULLY COMPLETED FORM TO:

2335 East Atlantic Boulevard, Suite 400

Participant's Social Security No.: * _____

Pompano Beach, Florida 33062

Participant's Signature: _____

ACCEPTED BY:

Date: _____ Phone No.: _____

Plan Administrator: _____

Mailing Address:** _____

Date: _____

* See **Collection of Social Security Number Statement of Disclosure** – Attachment 1-A

DROP Election B

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Note: Past performance is no guarantee of future results. Maximum Fees shown may be reduced by commissions (but no lower than Minimum Fees).