

YOUR PENSION MATTERS

Pompano Beach Police & Firefighters' Retirement System

Fiscal Year 2007

Second Quarter Ended March 31, 2007

by: Chief Paul O'Connell
Board Chairperson

"What you leave at death, let it be without controversy, else the lawyers will be your heirs." Thomas Browne

The above quote acts as a reminder that we must have our estate documents in order as we reviewed in an earlier edition of *Your Pension Matters*. Are your estate documents in order? Please refer to our newsletter from May 2006 in which we wrote about "**THE REALITY OF MORTALITY**" and highlighted four (4) documents that each of us should have in place: 1. Will, 2. Durable Power of Attorney, 3. Health-care surrogate and 4. a Living Will.

Educational Symposium: On April 13 & 14, 2007, the Board held its 1st Annual Educational Symposium in Deerfield Beach. It was, without a doubt, a great success! Thank you to Dan Christophers and Richard Avallone for putting together the program and the logistics to make this an eye-opening and informative weekend. Many **THANKS** to our money managers who paid for the expenses incurred in putting on this Symposium. That's right; this was done at **NO COST** to the Pension Fund!!

The Board heard from all nine (9) of our investment experts, a nationally recognized Economist, Milton Ezrati, who gave us his economic view of the next 18 months and other investment experts who gave us ideas to consider in our attempt to improve our investment performance. Our Investment Committee and our Revision Committee will be meeting during the next few months in an effort to implement some of the suggestions the Board was exposed to during this informative educational weekend. Plans are already in the works for a 2nd Annual Educational Symposium. Thank you to Lt. Bob Drago and Retired Chief Gary Morton (a member of the original Pension Board of Trustees) for attending this event and contributing to the effort with some great questions and important comments. Maybe we will see **you** at the next educational weekend!??

Recently, the Board learned of some concerns expressed by a few retired members. Their perception was that the Board was 1) not doing enough to enhance retirement benefits and 2) that the Board was too focused on litigation.

Here is a reality check. 1. The Board of Trustees' sole purpose is to administer the Fund pursuant to the controlling city ordinances. The Board does not bargain for enhanced benefits nor does it even advocate for such enhancements. That duty lies with the respective employee unions which advocate for active employees and any retiree associations or groups on behalf of retired members. We suggest you contact your respective union should you have issues or concerns with benefit enhancements. 2. The Board is involved in litigation to keep the benefits we have. The City of Pompano Beach has brought a claim against the Board of Trustees alleging that the Board is unreasonable in its interpretation of the city

ordinance which controls the 1% variable COLA and the Board's definition of "pensionable wages". The Board disagrees and has vigorously defended its position. In addition, the Board has joined other pension funds from around the country in suing those corporations that have lost stockholder money (your money) due to bad management decisions (Safeway) or outright malfeasance or fraud (Krispy Kreme). We settled in both cases under terms that were very favorable to the plaintiffs! By these lawsuits, pension funds throughout the country put Corporate America on notice that the stockholders are watching. As a result of this Board's vigilance, the likelihood of us falling victim to another Enron is diminished. These are examples of the work the Board does to keep the Fund solvent and to protect the benefits we do have.

The above notwithstanding, these voices did raise an excellent idea: "Why not have retirees participate in Board meetings?" The Board agrees and has authorized one delegate from the retired firefighters and one delegate from the retired police officers to attend all Board meetings for the purpose of enhancing communication. Please note that Florida State Statute and City Ordinance prohibit the Board from making these delegates voting members. That can only be accomplished through existing election procedures. Those retired members interested in serving, please contact your respective union officials who will make recommendations to the Board. The Board truly hopes this, together with the newly established website and this quarterly newsletter, will enhance our communication efforts.

Case Status: The lawsuit filed by the City against your Board of Trustees had some interesting developments over the past few months. You will recall that Judge Eade ruled for the Board on its interpretation of the 1% variable COLA and ruled in favor of the City on the issue of defining "pensionable" wages. The 2 outstanding issues yet to be resolved are 1. the City Ordinance which grants the Board "approval power" over any changes made to those ordinances implemented by the City Commission and 2. the underpayment of required contributions by BSO. On March 16th Judge Eade heard arguments on the City's Motion for Summary Judgment in which the City asked the Judge to declare the ordinance unconstitutional. After hearing arguments from both sides on this issue, Judge Eade ruled in favor of the Board of Trustees and denied the City's Motion for Summary Judgment.

At the 4/10/07 City Commission meeting, City Manager Hargett attempted to convince the City Commission to do what Mr. Hargett could not do in court by: 1) having the Commission change the ordinance eliminating the Board's approval power and 2) then "correct" the City Ordinance which controls the Board's ability to grant the 1% variable COLA. Thankfully, the City Commission had the wisdom to table this and allow the settlement process to continue in good faith. The Board believes that with pending changes in city administration there may now be a real good faith effort to engage in meaningful settlement discussions to resolve this long battle between parties. The Board firmly believes that the City and the Board should be partners rather than combatants because we have a common goal: a solid Pension Fund that will pay benefits to retired firefighters and police officers. We will update you as the settlement talks continue.

Changing Your DROP Option: If you would like to change from the Fund Rate DROP option to the Employee-Directed Mutual Fund DROP option or vice versa, please contact the Pension Office at (954) 782-4161 to make arrangements to complete the required forms for Board approval. This change cannot be made on the Omega Recordkeeping website.

In the meantime and as always: **Stay Safe and Stay in Touch!**

BREAKDOWN OF RETURNS
Pompano Beach Police & Firefighters' Retirement System
As of March 31, 2007

LORD ABBETT/BOSTON *		Your Returns		Russ 1000 Value	PSN Money Mgrs.	S&P 500
<i>Large Cap. Value</i>		Gross	Net			
	Quarter	0.65	0.51	1.25	1.23	0.64
	1 year	13.84	13.20	16.81	14.19	11.83
	Since 10/31/2004	12.60	12.01	16.22	NA	12.00
	<i>Lord Abbett/Boston - 3 year</i>	10.60	10.05	14.41	13.18	10.05
	<i>Lord Abbett/Boston - Since 9/30/2002</i>	16.15		19.05	17.87	15.21
	<i>Lord Abbett/Boston - 5 year</i>	6.16		10.25	9.23	6.26
	<i>Lord Abbett/Boston - Since 6/30/1995</i>	10.74		12.65	12.41	10.34
SANDS CAPITAL				Russ 1000 Growth	PSN Money Mgrs.	
<i>Large Cap. Growth</i>						
	Quarter	2.80	2.66	1.19	1.27	
	1 year	(1.09)	(1.64)	7.05	6.65	
	3 year	7.24	6.58	7.01	8.29	
	Since 5/31/2003	12.05	11.46	9.92	NA	
VOYAGEUR *				S&P 500	Dynamic Index**	
<i>Large Cap. Asset Allocator</i>						
	Quarter	1.84	1.76	0.64		1.18
	1 year	8.71	8.35	11.83		7.12
	3 year	7.07	6.74	10.05		6.65
	Since 9/30/2002	12.64	12.30	15.21		12.61
	Since 3/31/2002	4.03		6.27		3.94
INVESCO				MSCI EAFE Net		
<i>International</i>						
	Quarter	3.37	3.21	4.08		
	1 year	19.72	19.15	20.20		
	3 year	19.52	18.82	19.83		
	Since 1/31/2004	19.10	18.44	19.76		
ALLEGIANCE CAPITAL				LB Int. Aggregate	LB Aggregate	LB Int. Gov/Credit
<i>Fixed Income</i>						
	Quarter	1.60	1.53	1.57	1.50	1.59
	1 year	6.38	6.11	6.50	6.58	6.14
	3 year	3.26	3.00	3.20	3.31	2.59
	Since 5/31/2003	3.17	2.93	3.27	3.27	2.67
STANDISH MELLON				LB Aggregate	LB Int. Aggregate	LB Int. Gov/Credit
<i>Fixed Income</i>						
	Quarter	1.76	1.68	1.50	1.57	1.59
	1 year	6.47	6.16	6.58	6.50	6.14
	3 year	3.42	3.09	3.31	3.20	2.59
	Since 9/30/2002	3.79	3.42	4.07	3.84	3.62
MUNDER CAPITAL				LB Aggregate	LB Int. Aggregate	LB Int. Gov/Credit
<i>Fixed Income</i>						
	Quarter	1.50	1.44	1.50	1.57	1.59
	1 year	6.55	6.35	6.58	6.50	6.14
	3 year	3.58	3.37	3.31	3.20	2.59
	Since 9/30/2002	4.07	3.80	4.07	3.84	3.62
INVESCO				NAREIT		
<i>REIT</i>						
	Quarter	3.75	3.55	3.46		
	Since 6/30/2006	24.20	23.43	23.75		
INVESCO				LB Aggregate		
<i>Private Real Estate</i>						
	Quarter	3.59	3.59	1.50		
	Since 7/31/2006	7.39	7.39	5.25		
TOTAL FUND *				Total Fund Index		
	Quarter	1.93	1.82	1.58		
	1 year	8.05	7.57	10.94		
	3 year	7.87	7.40	8.83		
	Since 9/30/2002	11.24	10.77	12.25		
	5 year	6.07				
	Since 6/30/1995	8.09				

Total Fund Index comprised of 25% Russell 1000 Value/ 25% Russell 1000 Growth/ 15% Dynamic Index/ 23% LB Aggregate/ 12% LB Int. Aggregate for periods prior to January 31, 2004; 22.5% Russell 1000 Value/ 22.5% Russell 1000 Growth/ 12% Dynamic Index/ 8% MSCI EAFE Net/ 23% LB Aggregate/ 12% LB Int. Aggregate for periods from January 31, 2004 to April 30, 2006; and 22.5% Russell 1000 Value/ 22.5% Russell 1000 Growth/ 9.5% S&P 500/ 8% MSCI EAFE Net/ 25% LB Aggregate/ 10% LB Int. Aggregate/ 2.5% NAREIT for periods thereafter.

* Per the Board's request, all performance results (including but not limited to rates of return, risk, measures, unit values, and dollar values) prior to September 30, 2002, were provided by GRS Asset Consulting Group, who was the previous consultant. The performance data is believed to be accurate, but there is no assurance. Smith Barney Consulting Group has not calculated or independently verified the accuracy of the returns or market values and is not responsible or liable for any mistake or miscalculations. Effective September 30, 2002, all valuations and rates of return are calculated by Smith Barney Consulting Group.

** Dynamic Index represents blended performance of S&P 500 BARRA Value for periods prior to July 31, 2003, S&P 500 BARRA Growth for periods from July 31, 2003 to April 30, 2006, & Russell 1000 Growth for periods thereafter