

YOUR PENSION MATTERS
06/30/10
End of 3rd Quarter – FY 2009 - 2010

by: Chief Paul O'Connell
Board Chairperson
8/19/10

“Always begin with the end in mind.”

Dr. Stephen Covey, The 7 Habits of Highly Effective People

THE MARKET: The above quote reflects our investment philosophy; we invest our funds with the long term outlook and we are confident that, over time and in the end, there will be a substantial payoff. We all have one common goal, one common end: retirement with financial security. In these uncertain times, that goal is becoming more difficult to envision, but not impossible as some doomsayers would opine. As you read through the attached quarterly reports for the Fund's FY 3rd quarter ending June 30th, keep in mind that it is not the daily reading of the market that counts, it is the long term results that do count. The U.S. economy grew at an annualized rate of 2.4% during the quarter, a decline from previous the quarter during which there was a 3.7% growth rate. (According to an ING/Clarion financial newsletter, a variety of factors suggest that the U.S. economy may slow down in the second half of the year, including the declining impact of federal stimulus spending, the waning of the inventory rebuilding cycle, and the potential for another downturn in the housing market.) We are still climbing out of the deepest recession of our lifetime and there is much work yet to be done. Know that we are going in the right direction and working hard for our members.

Our Thoughts and Prayers: **BSO Sergeant Anthony Lanza** is currently at the Moffitt Center recovering from a very serious medical procedure. He has a long road in front of him. Please send him a card with your good wishes: Room #3737, 12902 Magnolia Drive, Tampa, Fl. 33612. **Deputy Bezie Northrop** is home recovering from his recent medical procedure and he certainly would enjoy hearing from you. Our heartfelt condolences are extended to the family of **Fire-Fighter Lt. William Fay** who passed away in May after a long battle against cancer. Also, we extend our condolences to the families of retirees **Seymour Blonder** and **Harry Snyder**, each of whom passed away in July. Both Sid and Harry retired from the Pompano Beach Police Department in 1975.

Winters – Reyka Memorial: On August 7th Pompano Beach Police and Fire met to remember our fallen brothers, K-9 Officer Scott Winters and BSO Sgt. Chris Reyka. The event was very well attended by current and retired members of BSO – Pompano and the Pompano Beach Fire Department. Excellent refreshments and conversation was had among members of the Pompano family. The Reyka Family was in attendance and it was great to see them! Good job Mike Powell, Robin Larson and Wayne Adkins for putting together this event. July 2010 marked the 20th Anniversary of Scott's murder. Ironically, Albert Holland was in the news the prior month as his case appeared before the United States Supreme Court. It seems Mr. Holland continues to work his “magic” in fooling the system (but we know better). The investigation into Chris' murder remains an open investigation and the only unsolved police officer killing in the United States over the past five years. We know the investigators are working hard to solve this case and will remain diligent in their pursuit of

justice.

D.R.O.P. Currently those in **DRDP** (whether FF or LEO) or those retired police officers who have completed **DRDP** and are still working for BSO; **the simple rule has always been as follows**: there can be no distribution of DRDP money until there is separation from employment with the employer (FF from Pompano Beach or LEO from BSO). This rule is in place to protect the special tax status of the Fund. We are happy to report that for those police officers in DRDP who are currently employed by BSO, a new provision for a loan program has been approved by the City Commission. If you are interested in participating, please contact the Pension Office.

For it or against it; it matters not. Sweeping changes in health care are coming as a result of the adoption of the Health Care Reform Act by Congress and President Obama's signature on March 23rd. Here is a timeline of some, but not all of the events that are coming as a result of this reform package (*source*: US News; August, 2010):

2010: Businesses that employ fewer than 50 people are eligible for a tax credit equal to 35% of health insurance premiums; states can choose to establish temporary high-risk pools for people with pre-existing conditions until new health insurance exchanges are implemented in 2014; adult children may remain on their parents' policies until their 26th birthday; all new policies must cover preventive services with no out-of-pocket cost; insurers can no longer cancel a policy when the policyholder becomes ill and can no longer set lifetime limits on the amount of benefits paid; 9/23/10 – insurers cannot exclude from coverage children with pre-existing conditions.

2011: A voluntary national insurance program will be established to cover home health services for the elderly; Medicare will offer free annual wellness visits and prevention plans; small businesses that establish wellness programs will be eligible for grants; chain restaurants and vending machine companies must disclose the nutritional content of their products.

2013: The Medicare payroll tax rate will rise from 1.45% to 2.35% on earnings over \$200,000 for individuals and \$250,000 for couples; the minimum threshold for claiming deductions for medical expenses will increase from 7.5% to 10% of AGI for those under 65; contributions to FSA will be limited to \$2,500/year; the employer tax deduction for subsidizing Medicare Part D eligible retirees will be eliminated.

2014: US citizens will be required to buy health insurance or pay a penalty of \$95 per person, gradually increasing to 2.5% of income in 2016; employers with 50 or more employees must offer health insurance or pay a penalty of \$2,000 per employee after the first 30; insurers will not be allowed to refuse coverage or charge higher rates based on health status, race or gender.

2018: An excise tax will be imposed on employers who provide their workers with "Cadillac Coverage" health plans with premiums for families beyond \$27,500/year, \$10,200 for individuals.

A federal website has been created to provide more information on health insurance options in each state: www.health-care.gov. We encourage you to visit the site for more detailed information.

Forfeiture Hearing: At our September 20th meeting, the Board of Trustees will hear pro/con arguments from

attorneys regarding the possible forfeiture of pension benefits of a vested/retired member of our Fund. This is a public meeting and you are invited to attend and hear these arguments and witness how the Board decides this critical matter. A time certain for this hearing is set for 2PM.

Elections: Congratulations to Richard Avallone and Patrick Fletcher who were re-elected by acclamation to new three year terms. Also, congratulations to Sharra Aaronian; as she was re-appointed by the Pompano Beach City Commission to another three year term on the Board.

Affidavits: Unless you are a disability retiree, you will no longer have to complete those pesky affidavits. We have a new service provider that, on a semi-annual basis, will compare our list of benefit recipients to records of persons who have been reported as deceased to the Social Security Administration and will notify us if there is a match. If you are a disability retiree, you will still have to complete the annual questionnaire, which will be coming to you soon.

The Florida Public Pension Trustees Association (FPPTA) has started a new “Retirees Division”, as outlined on the attachment. The Board has been a member of the FPPTA for many years and has benefited from its many educational programs.

YOUR E-MAIL ADDRESS: The Pension office needs your e-mail address!! Please go to the Fund website: www.pbpfrs.org and submit your address so we can maintain and enhance communication with you in a more effective and efficient manner.

Next issue: our year end report! Until then, stay safe and stay in touch!

BREAKDOWN OF RETURNS
Pompano Beach Police & Firefighters' Retirement System
As of June 30, 2010

TRADITIONAL INVESTMENTS

LORD ABBETT						
		Your Returns				
<i>Large Cap. Value</i>		Gross	Net	Russ 1000 Value	PSN Money Mgrs.	S&P 500
	Quarter	(12.33)	(12.47)	(11.14)	(11.32)	(11.42)
	1 year	14.89	14.22	16.93	15.14	14.43
	3 year	(10.50)	(11.04)	(12.33)	(10.15)	(9.81)
	5 year	(0.78)	(1.36)	(1.65)	(0.38)	(0.80)
	Since 10/31/2004	0.15		0.29	NA	0.44
	<i>Lord Abbett/Boston - Since 9/30/2002</i>	5.23		5.82	6.08	5.14
	<i>Lord Abbett/Boston - Since 6/30/1995</i>	6.33		7.27	7.80	6.24
SANDS CAPITAL						
<i>Large Cap. Growth</i>				Russ 1000 Growth	PSN Money Mgrs.	
	Quarter	(9.22)	(9.35)	(11.74)	(11.47)	
	1 year	27.30	26.56	13.62	13.37	
	3 year	(1.58)	(2.14)	(6.91)	(7.41)	
	5 year	1.98	1.41	0.38	0.77	
	Since 5/31/2003	6.28	5.70	3.07	NA	
CORNERSTONE						
<i>Large Cap. Core</i>				S&P 500	PSN Money Mgrs.	
	Quarter	(11.83)	(11.92)	(11.42)	(11.41)	
	1 year	10.22	9.51	14.43	14.10	
	Since 1/31/2009	16.39	15.76	19.63	NA	
RBC GLOBAL						
<i>Mid Cap. Value</i>				Russ Mid Value	PSN Money Mgrs.	
	Quarter	(10.08)	(10.23)	(9.57)	(9.59)	
	1 year	23.20	22.39	28.92	20.68	
	Since 1/31/2009	25.04	24.33	32.10	NA	
WELLS						
<i>Small/Mid Cap. Growth</i>				Russ 2500 Growth	PSN Money Mgrs.	
	Quarter	(5.51)	(5.71)	(9.77)	(9.05)	
	1 year	28.04	26.96	21.44	20.78	
	Since 1/31/2009	33.76	32.81	31.86	NA	
INVESCO						
<i>International Value</i>				MSCI EAFE Net		
	Quarter	(15.55)	(15.70)	(13.98)		
	1 year	5.32	4.68	5.90		
	3 year	(11.96)	(12.58)	(13.39)		
	5 year	1.32	0.67	0.87		
	Since 1/31/2004	3.70	3.05	3.20		
RENAISSANCE						
<i>International Growth</i>				MSCI AC Wld x US		
	Quarter	(12.21)	(12.36)	(12.44)		
	1 year	8.97	8.31	10.43		
	Since 1/31/2009	20.46	19.86	25.54		
STANDISH MELLON						
<i>Fixed Income</i>				BC Aggregate	BC Int. Aggregate	BC Int. Gov/Credit
	Quarter	3.84	3.77	3.49	2.92	2.97
	1 year	11.30	10.99	9.50	8.72	8.29
	3 year	7.46	7.14	7.55	7.34	6.98
	5 year	5.47	5.16	5.54	5.57	5.26
	Since 4/30/2003	5.06	4.71	5.08	4.92	4.59
MUNDER CAPITAL						
<i>Fixed Income</i>				BC Aggregate	BC Int. Aggregate	BC Int. Gov/Credit
	Quarter	2.82	2.75	3.49	2.92	2.97
	1 year	9.83	9.55	9.50	8.72	8.29
	3 year	8.15	7.88	7.55	7.34	6.98
	5 year	5.98	5.74	5.54	5.57	5.26
	Since 9/30/2002	5.43	5.17	5.20	5.01	4.77

ALTERNATIVE INVESTMENTS

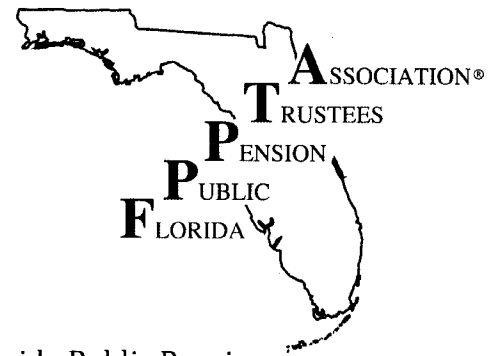
INVESCO					
<i>REIT</i>		Gross	Net	NAREIT	
	Quarter	(4.64)	(4.83)	(4.06)	
	1 year	49.30	48.18	53.88	
	3 year	(6.68)	(7.31)	(9.00)	
	Since 6/30/2006	(2.40)	(3.09)	(4.03)	
INVESCO					
<i>Private Real Estate</i>				NCREIF	NCREIF ODCE
	Quarter	2.85	2.85	3.31	4.32
	1 year	(8.96)	(8.96)	(1.48)	(5.98)
	3 year	(11.95)	(11.95)	(4.70)	(10.98)
	Since 7/31/2006	(6.79)	(6.79)	0.38	NA
OFFICE BUILDING					
<i>Private Real Estate</i>				BC Aggregate*	90-Day T-Bill
	Quarter	(3.00)	(3.00)	3.49	0.04
	1 year	(40.20)	(40.20)	9.50	0.12
	3 year	(12.35)	(12.57)	7.55	1.12
	Since 3/31/2007	(11.06)	(11.26)	6.78	1.40
UBP					
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	
	Quarter	(1.47)	(1.47)	(1.66)	
	1 year	5.13	5.13	4.84	
	Since 4/30/2008	(4.64)	(4.64)	(4.76)	
Ironwood					
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	
	Quarter	(0.81)	(0.81)	(1.66)	
	1 year	10.05	10.01	4.84	
	Since 7/31/2008	(7.29)	(7.29)	(5.00)	
Pine Grove					
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	
	Quarter	(1.18)	(1.18)	(1.66)	
	1 year	11.15	11.15	4.84	
	Since 9/30/2008	4.71	4.71	(1.68)	
TOTAL FUND					
				Policy Index	Composite Index
	Quarter	(5.95)	(6.06)	(5.88)	(5.88)
	1 year	14.32	13.74	13.65	13.92
	3 year	(2.24)	(2.68)	(3.46)	(2.70)
	5 year	2.38	1.92	2.21	2.79
	Since 9/30/2002	5.84	5.39	5.98	6.28
	Since 6/30/1995	6.02			

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. Graystone Consulting 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 Graystone Consulting.

*Office building is being compared to the BC Aggregate

FPPTA

Retirees Division



Florida Public Retirees Organization (FPRO) is a division of the Florida Public Pension Trustees Association (FPPTA). It is part of the FPPTA not for profit 501c3 Corporation and is operating as a committee of the FPPTA. FPRO will elect their own officers from this membership and also have a seat and a voice on the FPPTA Board of Directors. The FPRO will comply with FPPTA policies and by-laws.

The FPPTA will create a force economically and politically to protect our pensions. You all know what is going on in the private sector. Let's not have that happen to us. We now need to organize. The FPPTA Board of Directors has approved the FPRO and made it part of the FPPTA. Now it is time to create a FPRO Board of Directors to start the organizational process.

Membership fee to be a member of the FPRO is \$9.99 per member per year. For your membership fee you will get the following:

- Free financial and retirement planning
- Free subscription to "The Voice" Magazine
- Social Activities
- Retiree Educational sessions at FPPTA schools & conferences
- \$100 discount on FPPTA registration fees
(If you are not a trustee on a pension board)
- Included in all FPPTA mailings
- Legislative updates on pension legislation
- FPPTA e-newsletter

To download a printable membership form, go to www.fppta.org

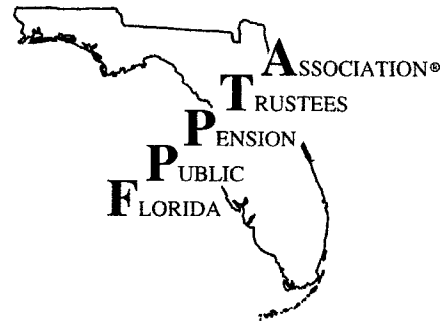
If you are interested in being involved in this new & exciting organization, please contact:

Ray Edmondson, CPPT
CEO, FPPTA
800-842-4064 ext. 102
Ray@FPPTA.org

Florida Public Pension Trustees Association
2946 Wellington Circle East
Tallahassee, FL 32309
800-842-4064 · www.fppta.org

• Please see reverse side for membership application.

FPPTA Retiree Division Membership Application



Retiree Information:

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Email: _____

Spouse: _____

Significant Other: _____

Organizational Affiliation: _____

Payment Method:

\$9.99 per year (member & Spouse, or significant other)

Check Enclosed American Express Master Card Visa

Card #: _____ Expiration Date: _____

Check

Make Checks Payable to: **FPPTA**
2946 Wellington Circle East,
Tallahassee, FL 32309
800-842-4064

