

WEST PALM BEACH POLICE

PENSION NEWS



A West Palm Beach Police Pension Fund Publication

Issue 8

Date of Issue:

Fourth Quarter 2010

Inside this issue.....

2	National Award
3	Board Comments
4	Long Term Results
5	Top Ten Holdings
6	Retiree Corner
7	Pension Reform
9	Hollywood Boycotts
11	Frontal Assault
12	In Closing

The Board of Trustees wish you & your family the very best over this holiday season and in the upcoming year!

PENSION FUND SUMMARY

Short-Term

On September 30, 2010 our fund had a total market value of \$182,810,000. For the quarter the fund gained a stellar \$12,818,000.

For the quarter the total fund return was 7.56% (net) and its benchmark return was 8.72%. In the previous quarter the fund return was -4.57%. For the quarter the stock return was 10.95% and the benchmark return was 12.07%. The bond return was 2.60% and the benchmark return was 2.49%.

For the quarter the average allocation of our fund was 58.6% invested in stocks, 35.6% in bonds and 5.8% in cash equivalents (i.e., short term liquid interest bearing

investments similar to money market funds). Our ongoing target for investment in stocks is 65% of the total fund.



Fiscal Year (10/1/2009 – 9/30/2010)

For the fiscal year the total fund net return was 10.59% and its benchmark return was 10.46%. The stock return was 13.42% and the benchmark return was 11.04%. The bond return was 7.81% and the benchmark return was 8.17%.

For the fiscal year the Earnest Partners (large cap value) stock return was 11.11%, the Garcia Hamilton, (large cap

growth) stock return was 10.96%, the Munder (mid-cap growth) stock return was 17.31%, the Anchor (mid-cap value) stock return was 15.63%, the Wells (small-cap growth) stock return was 13.36%, the DFA (international stock) return was 2.82%, the Collins (Fund of Funds) return was 4.77%, and the Garcia Hamilton aggregate fixed income return was 8.02%. The S&P 500 index return was 10.16%. There are three new equity managers to the fund (WHV, GW Capital, and Valley Forge) who came on board last quarter. They replaced Driehaus, Stratton and Intech, respectively.

A complete investment report is available each quarter on our web site www.wpbppf.com

The West Palm Beach Police Pension Fund Receives National Award



The Board of Trustees proudly announces that we received the PPCC Award for our 2nd year in a row.....

The Public Pension Coordinating Council (PPCC) is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the US.

The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards.

The Board *thanks* the PPCC for this special distinction and national honor.

From the Board of Trustees

Dear Pension Members:



Retiree's 1099R

The 2010 1099R's should be delivered via the US Mail no later than the end of January 2011 by Fiduciary Trust.

If you do not receive it by that time, kindly contact the Office of Retirement. We will get it for you!

Retirement Payment

Retirees.... Please remember that your January payments are scheduled to be transmitted to your financial institution on the first business day of the new year!

Reminder.....Election of Earnings Notice

For those of you that have filed (prior to October 1, 2010) a change in elections of earnings, for your drop and/or share account, you will see that change in the next statement for the period ending December 31, 2010.

Audit Update

The fieldwork for our annual independent audit has been concluded. Representatives from Davidson, Jamieson & Cristini, P.L. are completing the independent annual financial statements for the fund, as well as the DROP and Share Accounts. The formal presentation to the Board of Trustees is expected on January 14, 2011.

DROP/Share Open Window Period

Retirees who are receiving DROP/Share distributions may elect to change the amount received during the month of February 2011. The effective date for the change is April 1, 2011. If you do not wish to make a change, you do not have to take any action.

Announcements

As a reminder, the Board of Trustees want to make certain you are kept up-to date. As it is impractical to do a mail-out for every announcement, a page has been created on our web site just for up to date information. As time permits, check out www.wpbppf.com and click on the announcement page.

Change Of Meeting Date

Please note that the Board of Trustees adjusted the February meeting date to the 11th of the month.

Notice of Closure

The Office of Retirement will be closed for the holidays during the following dates: December 23rd, 2010 to January 4th, 2011. We will reopen on the 5th. Messages will be checked during our absence....

Thank Youfrom Dave Williams



As the year draws to a close, on behalf of Maryann and myself, we would like to take this opportunity to say "Thank You" to the Fund Members (both active and retired) for your support throughout the last two years. We recognize and value your daily efforts serving the public and as such it is my honor to serve you.

Wishing you & your families a safe and joyous holiday season.

Long Term Fund Summary

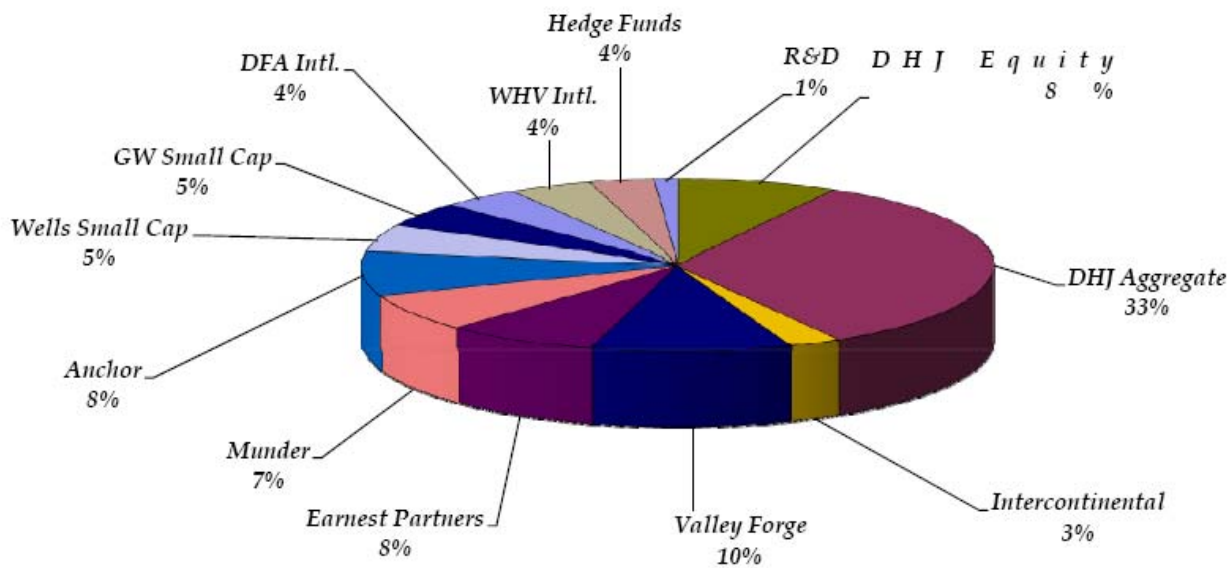


Since September 30, 2007 the fund has an annualized rate of return of -0.59% (net) per year. For the last three years the total fund has an annualized rate of return of -0.59% (net) per year, which outperformed the overall combined stock and bond benchmark return of -1.09%. For the last three years the stocks had an annualized return of -4.71% and the benchmark had a return -6.29%. Bonds had an annualized return of 6.95% versus the benchmark of 7.43%.

Our Fund was in the TOP 11th & 14th percentile respectively for the last two & three year periods.

Division of Assets By Manager

September 30, 2010



DHJ	Wells	Valley Forge	Earnest Partners	Munder
Apple	GSI Commerce	Barrick Gold Corp	Freeport-McMoran	Cognizant Tech.
Apache Corp.	National Cinemedia	Newmont Mining	Cummins Inc.	NetApp Inc.
Exxon Mobil	Scientific Games	Goldcorp Inc.	Occidental Petro.	Coach Inc.
Danaher Corp.	PMC-Sierra	Coca Cola	IBM	BorgWarner Inc.
IBM	Polaris Inds.	Archer Daniels Mid.	Express Scripts Inc.	IHS Inc.
Nike Inc.	Wright Express Corp	Phillip Morris	Intel	Akamai Tech.
Microsoft	Cbeyond Inc.	Abbott Labs	Exxon Mobil	Precision Castparts
Cameron Intl.	Bridgepoint Educ.	Procter & Gamble	Darden	Chipolte Mexican
Microchip Tech.	Microsemi Corp.	Johnson & Johnson	American Tower	ResMed
American Tower	Sonosight inc.	Verizon Comm.	General Dynamics	iShares RMid

Top Ten Holdings By Investment Manager

Anchor	GW	DFA	WHV
Annaly Capital Mgmt.	Esterline Technologies	Vodafone Group ADR	Potash Corp.
SPDR Gold Trust	Omega Healthcare	Royal Dutch Shell	Nestle SA
Sun Communities	A.O. Smith Corp.	Daimler AG	Noble Corp.
Invesco Mortgage Cap.	Darling International	Vodafone Group	Weatherford Intl.
Genzyme Corp.	SLM Corp.	Arcelormittal	Rio Tinto PLC
Cablevision Systems	Brookdale Senior Living	Barclays PLC	Suncor Energy
Hasbro	Brigham Exploration	Koninklijke Philips	BHP Billition LTD
Progress Energy	Southern Union	Vivendi	Schlumberger LTD
Millicom International	Forest Oil Corp.	Zurich Financial	Transocean LTD
HCP Inc.	Corn Products Intl.	Wesfarmers LTD	Nabors Industries LTD

Retiree Corner



Congratulations to our latest DROP Members

<i>Jakovos Sardakis</i>	<i>07-31-2010</i>
<i>Patrick Flannery</i>	<i>08-26-2010</i>
<i>Larry Foreman</i>	<i>10-31-2010</i>
<i>Ronald Ghianda</i>	<i>10-31-2010</i>

Paraprosdokian Much?

You're never too old to learn something stupid.

The last thing I want to do is hurt you. But it's still on the list.

Light travels faster than sound. This is why some people appear bright until you hear them speak.

Knowledge is knowing a tomato is a fruit; Wisdom is not putting it in a fruit salad.

How is it one careless match can start a forest fire, but it takes a whole box to start a campfire?

Some cause happiness wherever they go. Others whenever they go.

Change is inevitable, except from a vending machine.

MEET THE PORTFOLIO MANAGER — GARCIA HAMILTON



DANIEL J. KALLUS, CFA/CIC

Partner, Director of Equity Investments

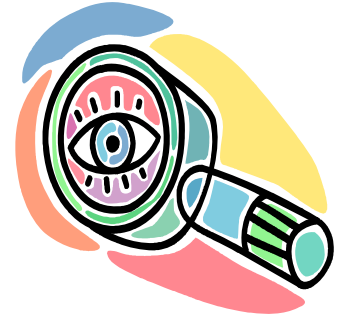
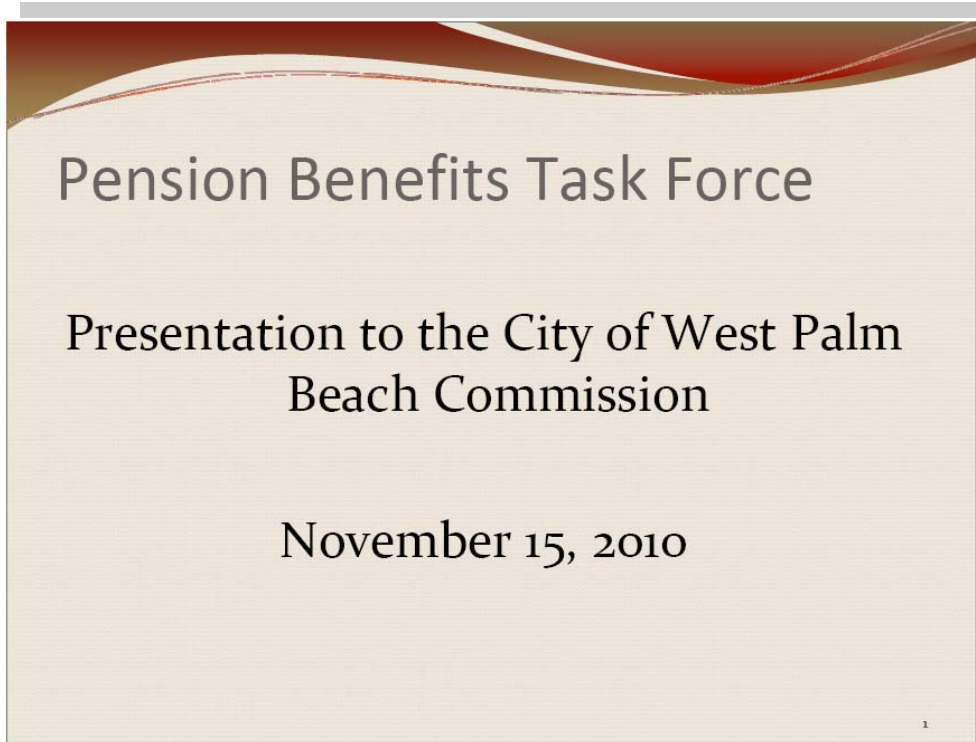
Mr. Kallus received a B.B.A. Summa Cum Laude in Finance from the University of Houston in 1993 and a M.B.A. from the University of Houston in 1997. From 1991 to 1993, Mr. Kallus held the position of Analyst/Equity Trader at Shell Pension Trust. He was a Systems Specialist at American Capital Management and Research from 1993 to 1994. Prior to joining Garcia Hamilton & Associates L.P., he was an Investment Consulting Analyst in Smith Barney's Managed Money Division in Houston. Mr. Kallus joined the firm in 1997 as a portfolio manager and was elevated to Director of Equities in 2008.

For the 2nd year in a row, the Board of Trustees are proud to announce that we received the PPCC Award.

The Public Pension Coordinating Council (PPCC) is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the US.

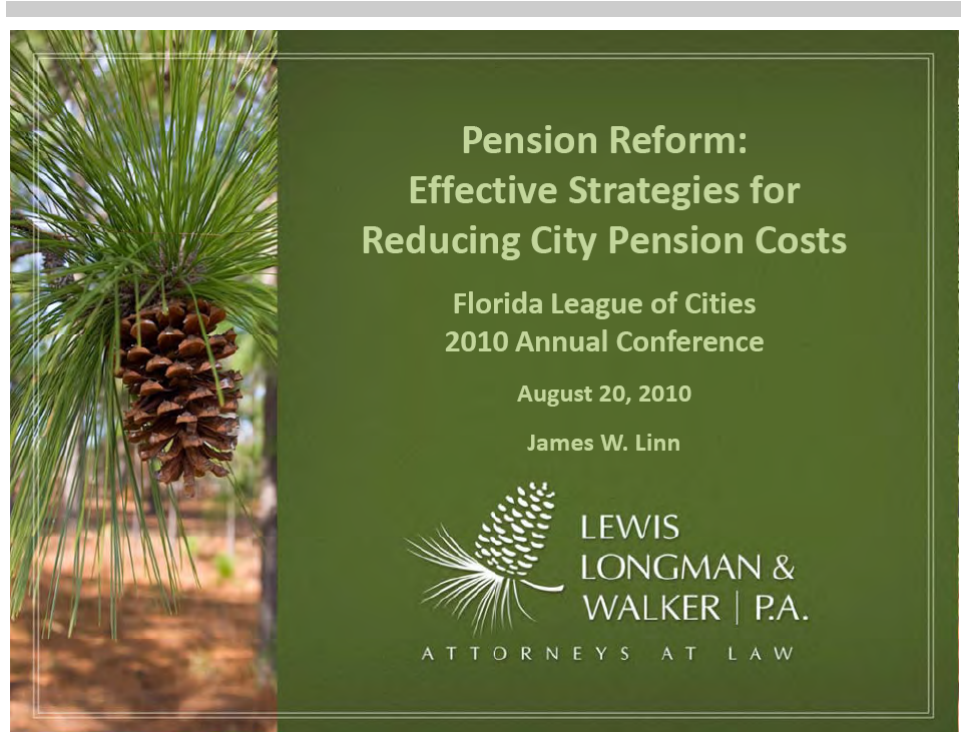
The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards.

The Board *thinks* the PPCC for this special distinction and national honor.



JUST THE FACTS.....

The reports cited herein have been posted to our website for your review. Please take the time to check it out as time permits. This is your pension and your future.... Stay informed !



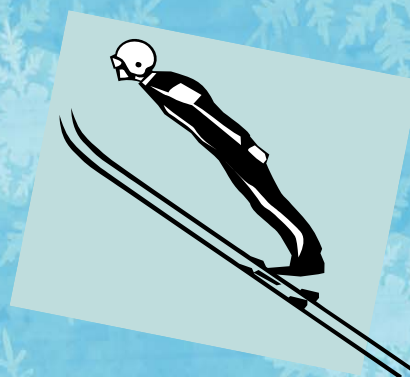
STOCK SPOTLIGHT

T. Rowe Price Group Inc. (Ticker = TROW)

Sector: Financials

Industry: Asset Management and Custody Banks

Market Capitalization: \$13.51 Billion



T. Rowe Price Group Inc. is a financial services holding company. The Company, through its subsidiaries, provides investment advisory services to individual and institutional investors. T. Rowe has experienced stronger organic asset growth and expectations relative to its peers in the asset management business and this is expected to continue throughout 2010 due to both strong relative performance across TROW's products. Furthermore, the market recovery from past lows will be a direct benefit to TROW's asset/EPS growth. The Company maintains a strong presence in the 401(k) market place which will bolster future growth as demographic trends to defined contribution plans continues to ramp up.

National Fuel Gas Co. (Ticker = NFG)

Sector: Utilities

Industry: Gas Utilities

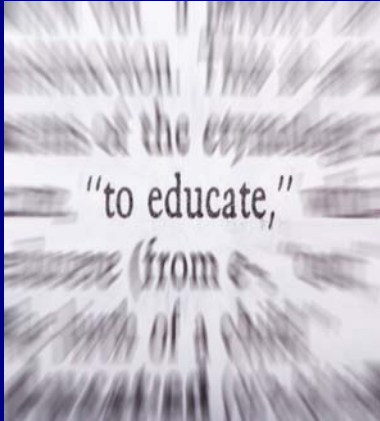
Market Capitalization: \$4.43 Billion



National Fuel Gas Company is an integrated natural gas company with operations in all segments of the natural gas industry, including utility, pipeline and storage, exploration and production, and marketing operations. NFG's natural gas proven reserves reside in California, Appalachia and the Gulf Coast regions and the Company provides transportation to over 700k customers in the northeast via National Fuel Gas Distribution. The company's diverse assets allow it multiple ways of capitalizing on the potential of the Marcellus Shale as well as the secular opportunities unfolding for natural gas as an expanding alternative energy source.

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.

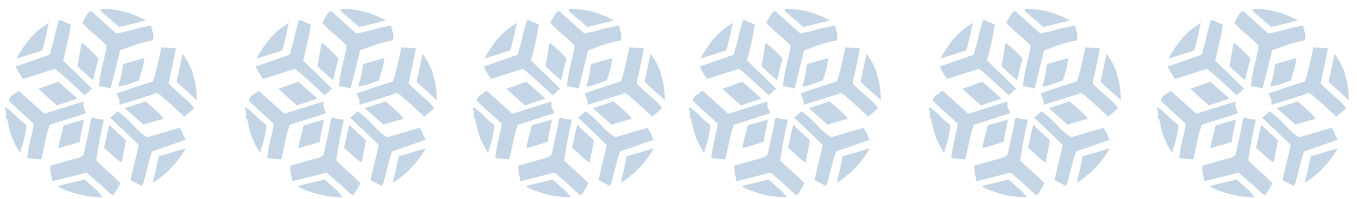
Real Gross Domestic Product (GDP)



What Does *Real Gross Domestic Product (GDP)* Mean?

An inflation-adjusted measure that reflects the value of all goods and services produced in a given year, expressed in base-year prices. Often referred to as "constant-price", "inflation-corrected" or "constant dollar GDP".

Consider the following example. Say in 2004, nominal GDP is \$200 billion. However, due to an increase in the level of prices from 2000 (the base year) to 2004, real GDP is actually \$170 billion. The lower real GDP reflects the price changes while nominal does not.



Hollywood Members Hold Boycott

Officers skip awards meetings in protest of city's actions

Hollywood officers are using mandatory furlough days to skip monthly award meetings held at City Hall in protest of recent actions by the city commission.

Part of the new agreement between the PBA and Hollywood includes the removal of the monthly cell phone stipend. Officers are also protesting by refusing to use their cell phones for city business.

The city declared financial urgency in September, after the PBA agreed to a number of concessions designed to bridge a budget gap, including 70 hours of furlough per officer, a reduced COLA and other reductions in benefits. The sacrifices were made to avoid laying off 77 fellow officers.

Members were blind-sided by the financial urgency declaration and are upset at the way they have been treated by the city during this process, including the threats of layoffs.

Officers chosen as Officer of the Month are avoiding the monthly awards meetings by taking their furlough days to coincide with them. Members feel it is hypocritical of the commission to commend them for their hard work, pose for pictures with them and pretend to show appreciation when they act as if police officers were a disposable commodity.



"We're sending a message to the city," says PBA Senior Vice President Jeff Marano, "that we're not going to let them threaten our livelihoods like it was nothing. There are people involved here, not just figures on a page."

Happenings Elsewhere

AGE, NOT FINANCES, DRIVES RETIREMENT TIMING FOR PRE-RETIREE BABY BOOMERS



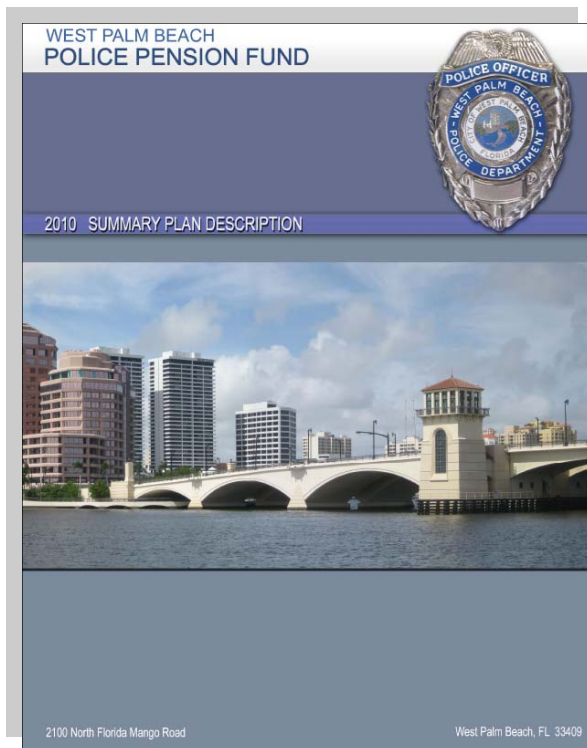
Charles Schwab has released findings from its latest quarterly retirement pulse survey designed to understand how pre-retiree baby boomers approach fundamental questions about when it is time to retire. According to the results, 46% of 50-to-60 year-olds have a target date or age in mind, 38% have a target nest egg in mind and 34% have neither. To understand how people actually behave when it comes to subjective targets, Schwab also surveyed a group of retirees. Nearly half said they actually did retire when they reached their target date or age; another

27% said they retired once they had reached their financial target and 38% of retirees said they had no financial, date or age target in mind leading up to retirement. This latest survey also checked in with baby boomers about their feelings on Social Security, and found that, compared to the general population, 50-to-60 year-olds have far higher expectations for Social Security in retirement:

★ Counting on Social Security to supplement retirement savings—55% of 50-to-60 year-olds vs. 37% of all Americans

★ Not counting on Social Security to be a source of income in retirement—26% of 50-to-60 year-olds vs. 46% of all Americans

The traditional three-legged stool of retirement income—Social Security, pension and personal savings—has obviously changed dramatically. At a time when life expectancy and medical costs continue to rise, and the debate around Social Security persists, baby boomers should focus on their own ability to save and find ways to adjust their retirement lifestyles to achieve financial stability.



Summary Plan Description (SPD)

Active members received the latest SPD in this mailing. The SPD outlines the special act and the benefits you are entitled to.

Please remember that you may also print out additional copies and or review the SPD at anytime on-line at www.wpbppf.com



FLORIDA LEAGUE OF CITIES LAUNCHES FULL FRONTAL ASSAULT ON PENSIONS

Concluding that the Florida Legislature must act to help cities reduce “runaway” pension costs for firefighters and police officers before they “cripple municipal balance sheets,” The Florida League of Cities has released its 2011 Pension Reform Proposals. Here, with no editorializing on our part, are the eleven League Pension Reform proposals:

- Allow cities receiving insurance premium tax revenues under Chapters 175 or 185, Florida Statutes, (fire and police defined benefit pension plans) to use these funds to pay for current plan benefits. This would remove the state law mandate that specified insurance premium tax revenues be used only for "new or extra" pension benefits for firefighters and police officers.
- Require that determinations of average final compensation in public employee defined benefit pension plans include salary only, and do not include pay for overtime, unused leave times, or any other additional payments.
- Allow cities to convert firefighter and police officer defined benefit pension plans operating under Chapters 175 or 185, Florida Statutes, to the Florida Retirement System without losing insurance premium tax revenues.
- Allow cities desiring to place their public safety officers (fire and police) into the Special Risk Class of the Florida Retirement System the opportunity to purchase past credit service at an up-to-3% annual accrual rate rather than the current up-to-2%. This will remove a practical barrier to convert plans to the Florida Retirement System.
- Change the governance structure of pension boards of trustees to move away from having plan participants serve on the boards.
- Require 30 year cost projections on any proposed benefit increase to a defined benefit pension plan.
- Allow cities to reduce defined benefit pension levels within all plans if it is determined to be actuarially appropriate in order to stabilize the plan's funding and keep the plan properly funded.
- Restrain the state Division of Retirement's non-rule based administrative activities and restrict the Division's broad interpretations of the provisions in Chapters 112, 175 and 185, Florida Statutes, that result in increased pension costs to cities.
- Provide flexibility to cities in the Florida Retirement System by allowing them to either retain a standard defined benefit plan, or at the employer's option move to a different retirement plan, such as a hybrid, or modified “defined benefit/defined contribution” plan. This will provide flexibility to cities in the FRS to decide at the employer level which pension plan to provide to its employees. The goal would be to reduce long term tax payer impacts and provide a reasonable pension plan with economic diversification for plan members.
- Remove statutory disability presumptions for firefighters and police officers claiming disability pension or workers' compensation benefits.
- Remove statutory provisions requiring that cities and other governments offer subsidized health, hospitalization and other insurance coverages to retirees.

Along with these proposals the League has published some general information about Florida defined benefit pension plans, including those for firefighters and police officers:

- *There are approximately 450 different municipal defined benefit pension plans with a total asset market value of approximately \$23 billion; 100,000 active employees; and 60,000 retirees/beneficiaries.*
- *Approximately 150 municipalities voluntarily participate in various membership classes of the Florida Retirement System, but make up less than 5% of the participants/members of FRS. FRS membership classes include special risk (fire and police), general employees, elected officials and senior management.*
- *Chapter 175, Florida Statutes, Municipal Firefighters' Pension Fund was enacted in 1939. Chapter 185, Florida Statutes, Municipal Police Officers' Pension Fund, was enacted in 1953.*
- *In 1986, the legislature revised Chapters 175 and 185, Florida Statutes, to establish minimum standards for a uniform retirement system for firefighters and police officers. The revision included a general change to compensation of plan's board of trustees to include five members: two members selected by the city, two members selected by the plan participants/employees and the fifth member selected by the other four. Several local governments challenged constitutionality of the 1986 amendments, but Florida courts held they did not violate the constitution.*
- *In 1988 the legislature lowered the percentage charge of the tax on insurance premiums used to fund the plans (fire was lowered from 2% to 1.85% and police was lowered from 1% to .85%).*
- *Chapter 99-1, Laws of Florida, was signed into law by Governor Bush on March 12, 1999. That law made virtually all provision of Chapters 175 and 185, Florida Statutes, expressly applicable to all participating firefighter and police pension plans. All plans were required to meet specific minimum benefits standards and provide extra benefits from additional premium tax revenues.*

Source: Cypen.com

THE BOARD OF TRUSTEES

Ed Mitchell, Chairperson
Jonathan Frost, Secretary
Chris Fragakis, Trustee
Wilton White, Trustee
Troy Marchese, Trustee

Office & Mailing Address
2100 North Florida Mango Road
West Palm Beach, Florida 33409

Phone: 561.471.0802
Fax: 561.471.5027

E-mail Comments and suggestions to:
Email: info@wpbppf.com

Out of State Retiree?

Please keep in mind that if you reside in a state that has state income tax, we can withhold your taxes for you.

If we can help, let us know.

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....

Revised Insurance & VEBA Rates

The following are the new rates for the PPO Medical Coverage effective January 1, 2011. If you receive a VEBA benefit to offset your insurance payment, that too is outlined as follows:

	<u>New Rate</u>	<u>VEBA</u>	<u>Balance Due</u>
Retiree	\$523.72	\$501.92	\$21.80
Retiree & One	\$1,083.50	\$501.92	\$581.58
Retiree & Family	\$1,569.44	\$501.92	\$1,067.52

If this applies to you, the applicable adjustment highlighted above will be applied on January 1, 2010.

Should you have any questions regarding your VEBA benefit, please contact Mr. Ernest George at the Palm Beach County PBA at 561.689.3745

COST OF LIVING INCREASES AFTER RETIREMENT



Pensions may be increased each January 1 if the recipient has been retired at least one year and is at least age 65.

The basic increase is 3% but may be less (or may be zero) if the Consumer Price Index has increased by less than 3% a year since the first of the month following your 65th birthday, or since your date of retirement if you retired at age 65 or older.

The Board of Trustees approved the 2011 increases and notices were sent to the affected membership. Any issues, let us know.