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From the Desk of the Executive Director

Greetings again from the Pension Office. Hopefully, you will be receiving this newsletter a little quicker than the last. We were a bit slow getting that one out. So, we thought we would get this one out a little quicker to kind of catch up on the cycle. As you may be aware by now, there will again be no cost of living increase for our retirees this July. We have had good performance from the fund over the last year or so, but we are also having a large number of folks retiring. Morgan Wurst, our Assistant Treasurer, has prepared a good article for this newsletter, explaining where we stand on the funding issue and why a COLA is not in the cards for the time being. Our primary focus is to preserve the corpus of the fund to the best of our ability. While we are doing well, better than most, we must continually think about the long road ahead.

We are approaching the end of our fiscal year. That means we are preparing our budget and forecast of operations. We are planning to spend some money to improve our processes, as we have in the past, with an eye on future cost avoidance and better service to our participants. For example, we print this newsletter in-house. The savings have allowed us to purchase our printers, rather than lease them, and realize the savings. (Notice we do not do color; it is too expensive.)

We are now considering an overhaul of our main processing

platform that will facilitate on-line access and updating of member records, better security and improved internal processing. Whereas the immediate savings from this changeover will be modest, over the long-term, we will be able to continue to grow in membership and retirees without adding significant resources. We expect to be able to facilitate online reporting of field related information by departments, which will offer a modest cost savings to those departments that are able to utilize such.

This year we are also due for our bi-annual actuarial funding study. It will be performed by our new actuary, Cavanaugh McDonald. On the one hand, we do not expect any change in the quality of the study, but we do expect the cost to be lower. We will also ask our actuary to provide some additional asset-liability projections for the board to help our new board members appreciate the current and long range funding issues of the fund. The fund is healthy, but it is important that those who govern it keep a close eye on where it is headed in the future.

Summer is here, folks. School is out. The weather is already hot and the thunderstorms are rampant. Enjoy and be careful.



Jim Meynard

Commissioner Hudgens

Appoints

New Board Member

See article on Page 5...

*Meet
Our
Managers...*

**Heitman
Real
Estate
Advisors...**

Heitman Real Estate Advisors is a real estate investment management firm with over \$22 billion in assets across the globe. Heitman invests in commercial real estate in North America, Europe and Asia, in real estate debt in the US and Canada, and in publicly traded real estate securities globally, on behalf of a wide range of institutional, retail and private wealth clients. Heitman currently manages approximately \$3.0 billion in public real estate securities.

Heitman has over 40 years experience managing real estate assets across multiple cycles, with an exclusive focus on real estate investment management. Heitman's real estate solutions are directed by some of the most experienced and innovative professionals in the industry. Heitman employees own 50% of the firm. This creates a unique and valuable alignment of interests. Their financial partner is Old Mutual plc, a 150-year-old firm that offers them the resources of a top 40 global financial services firm. Headquartered in Chicago, with offices in Los Angeles, London, Luxemburg, Munich, Warsaw, Moscow, Tokyo and Melbourne, Heitman's 248 employees offer specialized expertise – from a specific discipline to local insight.

Heitman's experience managing US portfolios has led them to be attentive to the interplay of both long- and short-term horizons and real estate and capital market fundamentals. This experience is expressed in the three major tenets of the investment philosophy guiding their US REIT product:

- Companies create value when return on invested capital exceeds the cost of capital,
- Real estate securities' returns reflect the performance of underlying property over the longer term, and;
- In the short term, real estate

securities are influenced by capital market and non-fundamental factors and can trade away from intrinsic value.

This philosophy has evolved over time and they expect that it will be successful in the future as they are able to respond to a variety of property and capital market conditions within these tenets.

Heitman's Focused Strategy is designed to identify the 15-20 securities in their investment universe with highest expected returns, with the goal of outperforming both the benchmark (Wilshire US RESI) and Heitman's diversified portfolio returns. The strategy seeks to provide investors with a high quality portfolio of REIT stocks that outperforms the market on a risk adjusted basis. It has a long track record of outperformance with low tracking error and volatility. In addition, it provides institutional investors with exposure to the listed property market in a vehicle that is liquid, provides stable income returns and has low correlation with other equities.

Heitman's seasoned US real estate securities investment team averages 17 years of experience, while additionally relying on the 45 years of Heitman's experience in private equity real estate. Tim Pire, CFA is Managing Director and Portfolio Manager for Heitman's Public Real Estate Securities group and is an equity owner of the firm. He has been analyzing public real estate securities at Heitman since 1992 and manages the firm's investment process for all strategies.

Mike Moran, CFA, Vice President, is an Assistant Portfolio Manager for Heitman's US Public Real Estate Securities group. Mike is responsible for fundamental company and market analysis supporting his stock recommendations.

Continued on Page 7...

No COLA! – What's behind the decision?

The decision to grant a Cost of Living Allowance (COLA) for all those receiving retirement benefits now and in the future is governed by conditions spelled out in the State Code O.C.G.A. § 47-20-10. While the actuary makes a recommendation, and it is the decision of the trustees, the Fund must meet certain thresholds prior to granting any benefit improvements. These “thresholds” are based on benefit expense, revenue (tax and dues) levels, and total assets.

A COLA has not been issued for our retiree benefits since July of 2008....nearly 3 years. Here are some of the statistics behind the Board's decision to forego COLA's during that time:

Retiree Benefits

2008 - \$26.38MM
 2009 - \$28.70MM
 2010 - \$30.58MM
 2011 (expected) - \$32.64MM

The figures (above) show the annual retiree benefits paid out by the fund. Despite the fact that there have been no COLA increases during this 3-year period, the Fund is paying out nearly 24% more in benefits than it was 3 years ago. This works out to an annual growth rate of close to 7.5%. This rate of growth is not expected to slow down much (or at all) in the next few years.

Annual Dues

2008 - \$2.19MM
 2009 - \$2.21MM
 2010 - \$2.28MM
 2011 (expected) - \$2.27MM

The figures (above) show the annual dues collected by the fund. During this time annual dues revenue has grown less than 4% in total, implying an annual growth rate of 1.2%.

Essentially, dues revenue has remained flat since the last COLA was awarded.

Premium Tax Revenue

2008 - \$23.76MM
 2009 - \$24.54MM
 2010 - \$24.99MM
 2011 (expected) - \$25.74MM

The figures (above) show the annual premium tax revenue collected by the Fund. In the eight years prior to the last COLA, premium tax revenue had been growing at an 8% annual rate. Over the last 3 years, however, Premium Tax Revenue has grown at a meager 2.7% annual clip. Much of this is due to the slowing down of the economy and the end of the construction boom in the State. We do not anticipate this trend to improve any time soon. The revenue from the Premium taxes makes up over 90% of the Fund's non-investment revenue, so it is very important and something we monitor very closely.

When the Board last made a decision to issue a COLA, the Fund was paying retirees approximately **\$430,000** more, annually, than it was taking in through dues and insurance premium taxes. Now, 3 years later, this cash flow gap has grown to approximately **\$4,630,000**, annually, just from retiree growth and without any COLA increases.

The markets are still down overall, tax revenue growth has dropped significantly, and dues revenue is essentially flat. Coupled with the fact that retiree expenses continue to grow at annual rate of over 7%, the Board has made the prudent decision to refrain from issuing any COLAs.

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Notice To Retirees

All retirees using direct deposit currently receive a monthly Advice of Deposit. Because of our continuing efforts to reduce our operating expenses, we are now permitting retirees to opt out of receiving their printed monthly advice. If you rely on your monthly bank statement to verify your benefit deposit and choose not to receive your monthly advice, please send a written notice to our office, stating that you choose to stop the mailing. We must have written confirmation on file in order to make this change. At any time, should you desire to revert back to receiving the monthly advice you may notify us, again in writing, and we will resume mailing the advices to you.



Cindy Cannon

THE GEORGIA FREEDOM *FIREFIGHTERS!!!*

We are continuing our segment with military firefighters. Numerous Georgia Firefighters are “strong, fast, larger than life, and fresh from the fight,” serving on military leave in the battle against tyranny and terrorism.

Please contact

Darlene McMillan,

at

accounting@gfpf.org

or

770-388-5757,

with your

department’s

nominees.



MASTER SERGEANT ERIC EVANS

GFPF proudly presents with honor **Eric Evans**, Georgia Freedom Firefighter, concurrently serving with **Atlanta Fire Department**, and **Master Sergeant (E7)** currently deployed as Flight Chief 332 EMDOS/CASF, Ballad, Iraq, which is the largest Theater Hospital. The Contingency Aero-medical Staging Facility transports wounded troops via Aero-medical Evacuation Missions (Air-Evac) to Landstuhl Regional Medical Center, Germany for higher echelon medical treatment and long term medical care in the United States. Since December 20, 2011 thru April 11, 2011, his team performed 123 missions with Critical Care Air Transport Teams moving 789 patients via Air-Evac with combat and non-combat casualties. Sgt. Evans is the non-commissioned officer with major responsibilities facilitating the means and training of team professionals for the safe medical airlift of injured warriors from the Area of Responsibility (AOR). Additionally, Sgt. Evans coordinates with the Day/Night Shift Team Leaders the day to day operations of the CASF staff consisting of 15 medical technicians, 1 mental health technician, and 6 registered nurses.

Sgt. Evans has served eighteen years as Aerospace Medical Technician, thirteen years with the 403rd ASTS (Aero-medical Staging Squadron) Kessler AFB, MS, and re-enlisted in 2006, with the 94th ASTS Dobbins ARB, GA. Sgt. Evans received medical

training after basic training at Sheppard Air Force Base, Wichita Falls, TX, and received civilian medical training as an EMT at the Mobile Fire Department. Eric was born in Detroit, MI, and grew up in Mobile, AL, attending college at Tuskegee University, finishing at the University of South Alabama, Mobile, AL with a degree in Communications/minor in English.

Eric relocated to Atlanta for a dispatcher position with BP/Amoco Oil Company for two years, but the fire service was his heart, and he eventually applied for a firefighter position at all the local fire departments. Fulton County was the first to hire, and after 5½ years service, a reduction in force began with firefighter layoffs. Eric left Fulton County FD, and currently serves with the City of Atlanta Fire Department hired during the Fast Track Program as a Firefighter-2, Extra Driver; National Registered Emergency Medical Tech-Intermediate (NREMT); and Haz-Mat Technician. Additionally, Eric serves part-time flexible hours with the Roswell Fire Department as Acting Captain, Apparatus Driver and Firefighter for the past 4 years.


Sgt. Eric Evans has been awarded military achievements: Air Force Outstanding Unit Award (1); Air Reserve Forces Meritorious Service Medal (3); National Defense Service Medal (1); Global War on Terrorism Service Medal; Air Force Longevity Service Ribbon (2); Armed Forces Reserve Medal (1); Air Force Training Ribbon.

Continued on Page 5...



...Continued from Page 4...FREEDOM FIGHTERS!!!...

The pension fund expresses best wishes to **Sgt. Evans** for his safe return home to Atlanta on July 2, 2011, reuniting with his family wife, Tracy, and six year old son, Eric. Please view the photos of **Freedom Firefighter Sgt. Evans**, recognizing his vital leadership contribution to safely Air-Evac American wounded troops incurred by sacrificing for freedom from world terrorism and tyranny.

 *Darlene McMillan*



**Commissioner Hudgens
Appoints M. Dwayne Garriss
to the GFPF Board of Trustees**

On April 22, 2011, Commissioner Ralph T. Hudgens, appointed Mr. M. Dwayne Garriss as Acting State Fire Marshal, replacing Chief Alan R. Shuman. Mr. Garriss will also serve as the Insurance and Safety Fire Commissioner's Designee on the Board of Trustees, of the Georgia Firefighters' Pension Fund.

In 1988, Mr. Garriss began his career at the Office of the Insurance and Safety Fire Commissioner as a Fire Safety Engineer. His levels of accomplishment have included such positions as Senior Fire Safety Engineer and Director of Engineering.

Since 1993, he has served in the position of Assistant State Fire Marshal for the State of Georgia overseeing the Engineering and Inspection Division and the licensing of fire suppression contractors, inspectors, and special hazard system technicians.

Mr. Garriss has served as the

Commissioner's designee on the State Codes Advisory Committee for the Department of Community Affairs. He has been Chairman of the Georgia Fire Safety Symposium for the past nineteen years and serves as an adjunct instructor for the Georgia Fire Academy.

Mr. Garriss has served on the International Fire Code Council for ten years and served as Chair of that council for the last two years. He has also served on the Governance Review Committee for the ICC, the Joint Fire Service Review Committee, the Codes Correlating Committee and the Steering Committee of the Code Councils. Mr. Garriss was elected to the International Code Council Board of Directors in October 2011.

Please join us in welcoming Mr. Garriss to the Board of Trustees, of the Georgia Firefighters' Pension Fund.

 *Juanita Whetzel*



**Chief Alan R. Shuman
leaves the Board
after eleven years
of service.**

Calling All Trustees!

Over the last several years, it has come to my attention that many of our firefighters, fire officers and fire chiefs, (and not just the participants of this fund) sit on the boards of their local pension funds (municipal or county) or of a charitable foundation such as a church or college. Yet, we here at the GFPF have never had any of these folks call with a question or comment regarding the economy or the capital markets or a request to sit in on a board meeting where one of our investment managers was presenting. Of course, we are not capital market experts! But, as a significant fund, we engage some highly trained and intensely involved people in the investment world. They provide information and insights we are glad to share.

In addition, we now have the Georgia Association of Public Pension Trustees, GAPPT, up and running. Its first conference last September was an unbridled success. This year the Association will offer an even better conference, September 20-22, in Macon, to help Trustees better understand and execute their fiduciary duties to their participants and for their funds.

Trustee education is important. If you are a trustee, or know a trustee, I sincerely invite and encourage you to engage in a dialog with us and other funds around the state, either independently or through the GAPPT to resolve issues and gain knowledge. It is important.

 *Jim Meynard*

Rules and Regulations

This is the fourth of a continuing series regarding the Rules and Regulations that were effective September 9, 2009. We have received some questions regarding the changes that were made, so we are going to explain each Rule in the newsletters going forward until we have covered all of them. We understand that things happen that seem complicated. We want to help the membership understand what they need to know about the Fund and how to address these issues. In this writing we will explain the sixth, seventh and eighth Rule.

Rule 513-7-1-06 Duty to Report Changes in Employment Status

It is the member's responsibility, **not** his/her fire department's responsibility, to inform the Pension Fund if their employment status changes. Changes may include: change from paid to volunteer, or from volunteer to paid, or a change in employment from one department to another. The member must complete a Transfer Form within thirty (30) days of the change date and submit the form to the Pension Fund Office. Failure to report this change shall result in loss of creditable service from the actual date the member left his department, through the date the Transfer Form is stamped "Received" in the Pension Fund Office.

If you are no longer performing the duties of a firefighter, or a support function, then you are no longer earning creditable service. Therefore, you may request a leave of absence or resign from the Fund and request a refund of dues.

When non-creditable service is received from one department, a member cannot claim credit from another department for that same time period. Credit must be earned from the department in which you are/were listed.

Rule 513-7-1-07 Duty to Report Address Changes

It is the responsibility of each applicant, member, or retiree to keep the Pension Fund apprised of your current mailing address and report any change in that address. When the Pension Fund sends out notices, it is mailed to the last mailing address on file with the Pension Fund.

Rule 513-7-1-08 Part-Time Firefighter and Volunteer Firefighter Affidavits

After the end of each calendar year, the chief of each department employing part-time and volunteer firefighters must promptly file an affidavit attesting to the attendance of a part-time or volunteer firefighter for the prior calendar year.

The Chief must initial the "Did Complete" column or "Did Not Complete" column for **each** individual listed. The affidavit should be signed by the Chief and also notarized. The affidavits should then be addressed and mailed to the Pension Fund Office, by first class mail, postage prepaid, and postmarked not later than February 15th of each year.

If we receive the affidavit after February 15th, that affidavit must be accompanied by a formal letter from the Chief explaining the delay, and it will have to be approved by the Board.

If you are a part-time firefighter you must work at a permanent job position; in no case shall the average weekly hourly requirement be less than twenty (20) hours per week for any calendar year.

A volunteer firefighter must meet a minimum of 50% of the aggregate of all meetings, drills and fires in which their Fire Department participated for the calendar year.

"In wine
there is wisdom,
In beer
there is freedom,
In water
there is bacteria."

Ben Franklin

Always remember:
"You are unique,
...just like
everyone else."



Sharon Drake

Georgia Firefighter's Pension Fund

Vital Statistics as of May 31, 2011

(FINANCIALS ARE PRELIMINARY)

Assets \$590,104,070

Active Members 12,940

Retirees 3,948

FUND PERFORMANCE

Current Quarter 1.3%

Calendar Year 2010 (January 1-May 31, 2010) 6.5%

Fiscal Year to Date (July 1, 2010-May 31, 2010) 22.6%

RETIREMENT BENEFITS

Full Retirement (25 years service/age 55) \$882 per month

Early Retirement (15 years service/age 50) \$370 per month

Average Benefit Payment \$700 per month

EXPECTED AVERAGE BENEFIT

PAYOUT OVER 25 YEARS

\$210,000.00

...Continued from Page 2...HEITMAN...

In addition, Mike monitors trading operations and assists with the overall maintenance of portfolio weights and equity trading.

Jeff Yurk, CFA, Vice President, is an Assistant Portfolio Manager for Heitman's US Public Real Estate Securities group. Jeff is responsible for fundamental company and market analysis supporting his stock recommendations. In addition, Jeff is responsible for facilitating Heitman's Global Public Real Estate Securities team processes and reporting.



Morgan Wurst

...Continued from Page 3...No COLA! ...

The Board (with the help of the Staff and the Actuary) will be looking for demonstrable trends in favorable economic areas for the Fund (high investment returns, material growth in Premium Tax revenue, significant growth in dues, slower growth in retiree expenses, etc.), in their decision-making process for future COLA increases.



Morgan Wurst

GFPF NEWS

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