

Georgia Firefighters' Pension Fund

James R. Meynard C.F.A.
Executive Director

February 28, 2014

The Honorable J. Nathan Deal,
Governor

The Honorable Paul Battles,
Chairman, House Retirement Committee

The Honorable Fran Millar,
Chairman, Senate Retirement Committee

Gentlemen:

In accordance with the provisions of O.C.G.A. § 47-7-127(e)(5) and O.C.G.A. § 47-20-87(f)(5), this is to provide you with the required annual report on the performance of our alternative investments. Since the enactment of § 47-7-127, the Trustees and I have met with a number of managers regarding alternative investments. After due diligence, the Trustees have made commitments totaling twenty eight million five hundred thousand dollars (\$ 28,500,000) to be invested with two different managers, the first being placed in June 2011, and periodically thereafter. The breakdown by strategy is as follows:

Fund Type	Committed	Cash Called	Remaining Uncalled Commitments
Secondary	5,000,000	875,975	4,124,025
Buyout	8,000,000	1,260,074	6,379,926
Credit	2,500,000	339,427	2,160,573
Venture	3,000,000	776,064	2,223,936
Blend	10,000,000	4,242,568	5,757,432
	28,500,000	7,494,108	21,005,892

To date, the Fund has not realized any losses, but has an unrealized profit of \$1,638,479 representing a 9.7% initial internal rate on return on the funds invested in these strategies, with an additional \$688,000 in capital returned to the Fund.

This will also confirm that the aggregate of the funds so invested is within the limitations of the law as specified in O.C.G.A. §§ 47-7-127(d), and 47-20-87(f)(5).

In accordance with O.C.G.A. § 47-20-87, this report will be posted on the Fund's website.

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During this year's Legislative Session, the Fund proposed revisions to O.C.G.A. §§ 47-7-127 and 47-20-82, regarding alternative investments. House Bill 1034, reflecting these proposed revisions, was first read in the House on February 20, 2014 and remains in committee at this time. The bill seeks to increase the allowance for commitments in alternative investments to ten percent, and the invested cost basis of such investments to five percent of total fund assets.

We continue to believe that these alternative investments are a viable option to increase and diversify our investments and grow the assets in the Fund. We would rather the cap on alternative investments reflect our actual investments (the amount of cash called), rather than the amount committed, as it is more accurate for both accounting and transparency purposes, and, from a historical perspective, the amount committed is rarely, if ever, actually called in its entirety. As it is not likely to be considered this year, we ask for your support for it if the bill is reintroduced next year.

If you have any questions regarding the Fund's alternative investments, or wish to discuss them or any of the Fund's investments or operations, please do not hesitate to contact me.

Thank you for your continued support of the Fund and the firefighters whom we serve.

Best regards.

Sincerely,



James R. Meynard
Executive Director

cc: Mr. Chuck Kelley, Chairperson
Mr. Mitchell S. Aiken, Vice-Chair
Mr. M. Dwayne Garriss, Trustee
Mr. Timothy S. Milligan, Trustee
Mr. Kerry J. Cook, Trustee