

FISCAL YEAR 2020 ANNUAL REPORT

AN OFFICIAL PUBLICATION OF THE GEORGIA FIREFIGHTERS' PENSION FUND



To the Members of the Georgia Firefighters' Pension Fund

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To the Members of the Georgia Firefighters' Pension Fund

The Board of Trustees and the Staff are pleased to present you with the Fiscal Year (FY) 2020 Annual Report. As a member of the Pension Fund, it's in your best interest to know what's going on in the Fund and what assets are in the Portfolio. Inside this report, you will find statistical information on the membership of the Fund, the FY 2020 Financial Statements and a breakout of the Fund's Investment Portfolio.

The number of active members stayed about the same as last year, growing by 96 to 13,642. The total number of retirees/beneficiaries grew by 326 to 6,153. This represents a growth rate of almost 6% for the year. It is in line with the growth rates we've experienced over 3-year, 5-year and 10- year timeframes, as well. The retiree growth rate is likely to increase over the medium to long term.

Benefits paid out to retirees and/or their beneficiaries during the year totaled over \$53.8 Million. That is 6% more than was paid out in FY 2019. The increase came as a result of an increase in the number of retirees as well as one-time cost-of-living adjustments (COLA) of 1%.

Non-investment revenue was up during the year. Monthly dues receipts were mostly flat for the year at approximately \$4.1 Million. Insurance Premium Tax Receipts grew by 6.6% to almost \$40.4 Million. As these premium tax receipts make up the bulk of our non-investment revenue, we are encouraged to see an increase in this revenue stream.....especially with the pandemic hanging over our heads. Growth in this area is usually indicative of growth in the economy of the State....so let's hope it continues.

The investment portfolio returned 0.3% for the Fiscal year, which failed to meet our targeted 6.0% rate of return. This underperformance came as a result of the stock market in the first quarter of 2020 and the impact Covid-19 had on the public markets, both equity and fixed income. Additionally, the Fund has a significant amount of small and mid-cap public equities, which performed worse than the broad market.

Domestic Equities returned 0.8%. International Equities delivered a -7.4% rate of return. Fixed Income in the portfolio generated a 4.2 return. Our alternative investments returned 6.5% for the year but state law prohibits us for investing in this area as much as we'd like.

The Fund stayed true to its Investment Policy. The Board remains focused on exercising their fiduciary duties when it comes to making any decisions affecting the Fund.

Our goal here at the Pension Fund, as always, is to provide our member, retirees and their beneficiaries with excellent customer service and record-keeping, as well as safeguard the assets and invest in a most prudent manner. We thank you all for your service.



C. Morgan Wurst



Key Statistics (Unaudited)

Members

	<u>06/30/2020</u>	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2017</u>
Active:				
Full-Time	10,644	10,520	10,364	10,138
Volunteer	2,910	2,964	3,081	3,077
Part-Time	65	62	57	61
Total Active	13,619	13,546	13,502	13,276
% Change from prior year	0.7%	0.3%	1.7%	0.3%
Inactive:				
Total Inactive	2,779	2,756	2,669	2,646
% Change from prior year	0.7%	3.3%	0.9%	2.3%
Retirees:				
Total Retirees	6,159	5,827	5,573	5,294
% Change from prior year	5.6%	4.6%	5.3%	4.7%
Total Fund Membership	22,557	22,129	21,744	21,216
% Change from prior year	2.0%	1.8%	2.5%	1.6%
Full Benefit (No Options - Age 55, 25 years service)	940	931	913	895
Early Retirement (No Options - Age 50, 15 years service)	395	391	383	376
Average Benefit Payment	750	742	726	713

Financial

	<u>6/30/2020</u>	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2017</u>
Market Value of Portfolio	925,341,208	933,528,809	897,404,936	844,439,623
% Change from Prior Year	-0.9%	4.0%	6.3%	10.0%
Portfolio Allocation:				
Equity (Includes Private Equity)	63%	66%	65%	65%
Fixed Income	33%	33%	32%	32%
Cash	4%	1%	3%	3%
	100%	100%	100%	100%
Current Yr. Insurance Premium Tax Receipts	40,389,155	37,887,961	35,715,255	34,097,708
% Change from Prior Year	6.6%	6.1%	4.7%	4.3%
Membership Receipts	4,142,928	4,065,670	3,997,873	4,002,199
% Change from Prior Year	1.9%	1.7%	-0.1%	0.0%
Total Benefits Paid	53,827,050	50,767,748	47,285,284	44,336,825
% Change from Prior Year	6.0%	7.4%	6.7%	6.5%
Dues & Taxes Received less Benefits Paid	(9,294,966)	(8,814,117)	(7,572,156)	(6,236,918)

Portfolio Allocation & Statistics

June 30, 2020

<u>Domestic Equity Managers</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>Fiscal Year Return</u>	<u>Inception Date</u>
Cooke & Bieler	58,156,136	6.3%	-10.5%	May 2004
Loomis Large Cap Growth	52,376,206	5.7%	24.3%	March 2020
T. Rowe Price Large Cap	50,493,539	5.5%	36.7%	April 2020
SSgA—S&P Mid Cap 400	41,583,555	4.5%	-6.6%	April 2011
Burgundy Asset Management	72,338,730	7.8%	3.1%	March 2004
Cornerstone Investment Partners	36,163,962	3.9%	-8.8%	January 2020
T. Rowe Price Global Natural Resources	28,164,498	3.0%	-19.3%	January 2018
Heitman (REIT)	35,807,208	3.9%	-7.3%	December 2009
Total - Domestic Equity Managers	375,083,834	40.6%	0.8%	
 <u>International Equity Managers</u>				
Artisan International Growth	54,203,734	5.9%	-0.2%	October 2015
Gryphon International EAFE Growth	59,676,135	6.4%	-5.7%	October 2015
Burgundy Asset Management	49,222,894	5.3%	-16.0%	April 2015
Total - International Equity Managers	163,102,763	17.6%	-7.4%	
 TOTAL COMBINED EQUITY	538,186,597	58.2%	-1.8%	
 <u>Fixed Income Managers</u>				
DoubleLine Capital - ABS/MBS	96,311,818	10.4%	-1.0%	December 2007
Voya	59,106,390	6.4%	7.8%	October 2003
Loomis Sayles	42,986,674	4.6%	8.2%	March 2017
Sage	38,210,662	4.1%	9.7%	March 2009
Victory Capital	67,570,089	7.3%	4.3%	May 2004
TOTAL FIXED INCOME	304,185,633	32.8%	4.2%	
 Total Invested in Private Equity Fund of Funds	46,212,413	5.0%	6.5%	June 2011
 <u>Cash</u>				
Northern Trust Money Market	36,756,565	4.0%	2.0%	
TOTAL CASH	36,756,565	4.0%	2.0%	
 TOTAL PORTFOLIO	925,341,208	100%	0.3%	

Income Statement

Fiscal Year Ending June 30, 2020

(Unaudited)

Fund Income

Membership Receipts	4,142,928
Other Member Income	365,001
Insurance Premium Tax (includes prior years recv'd. late)	40,575,020
Other Income	41,164
Total Fund Receipts	45,124,113

Member Expenses

Benefit Payments to Members	53,827,050
Other Member Expenses*	1,012,354

*(consists of Member Withdrawals, Volunteer Lost Credit, Member Returns and Dues in refund-available status)

Total Member Expenses	54,839,404
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Fund Expenses

Personnel	1,157,584
Travel, Training, and Development	43,483
Supplies	13,628
Printing and Postage	23,679
Utilities	30,512
Maintenance & Repairs	48,992
Fees and Contracts	124,509
Database Development (one time fee)	575,000
IT Equipment	23,060
Benefit Payment Services and Actuary Fees	107,703
Miscellaneous	12,356
Depreciation	57,910

Total Fund Expenses	2,218,416
Net Operating Income	(11,933,707)

Investment Income

Total Realized Investment Income	83,714,706
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Investment Expenses

Custodial Services	206,919
Asset Management Fees	4,025,427
Consulting Services	141,250
Total Investment Expenses	4,373,596

Net Realized Investment Income	79,341,110
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NET OF OPERATIONS & REALIZED INVESTMENTS	67,407,403
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Balance Sheet**June 30, 2020**

(Unaudited)

Operating Cash	134,962	
Accounts Receivable	<u>0</u>	
Total Current Assets		<u>134,962</u>
Land	84,882	
Building & Improvements	1,534,994	
Other Gross Fixed Assets & Supplies	278,337	
less: (accumulated depreciation)	<u>(816,692)</u>	
Net Fixed Assets & Supplies		<u>1,081,522</u>
Gross Portfolio @ cost	841,810,342	
Dividend/Interest/Tax Reclaim Receivable	2,041,893	
less: (net trades payable)	<u>(2,424,292)</u>	
Net Portfolio (at cost)		<u>841,427,943</u>
Unrealized Investment Gains	85,082,815	85,082,815
Total Assets		<u>927,727,243</u>
Employee Payables	84,598	
Member Payables	1,642,015	
Operating Accounts Payable	1,746	
Investment/Actuary Fees Payable	<u>1,093,771</u>	
Total Current Liabilities		<u>2,822,130</u>
Surplus - Net Assets/Equity	934,350,220	
Change in Market Value	<u>(9,445,107)</u>	
Total Capital		<u>924,905,113</u>
Total Net Equity		<u>927,727,243</u>

GFPF ANNUAL REPORT

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*Visit us on our
website at
www.gfpf.org*



Reminder for Retirees

- If you are a retired Firefighter and drawing benefits under the Joint and Survivor option, and your spouse is deceased or you have become divorced; you must notify the Pension Fund Office to obtain the necessary forms to convert your benefits to Regular Retirement. Once the completed forms are received, processed, and approved by the Board; the conversion will go into effect the following month. Note: Conversions are not retroactive.
- You must notify the Pension Fund Office of any address changes. If your mail is being returned and we are unable to reach you; your benefit payments will be suspended until written notice of your correct address is received in the office.
- All Direct Deposits are deposited on the **LAST** day of the month. If the last day of the month falls on a weekend or a holiday; the deposits will be posted the last business day prior to the end of the month. All checks are mailed approximately 4-5 days prior to the end of the month.

The GFPF ANNUAL REPORT is an official publication of the Georgia Firefighters' Pension Fund, published annually for GFPF participants and retirees. This publication shall accept no advertisement for commercial services or products.



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