

## **BOARD OF TRUSTEES**

[trustee@gfpf.org](mailto:trustee@gfpf.org)

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### **James R. Meynard, CFA**

Executive Director

[www.gfpf.org](http://www.gfpf.org)

## **From the Desk of the Executive Director**

Greetings once again from the Pension Office! It seems the heat wave has finally broken as has that string of violent thunderstorms we were having in North Georgia. Unfortunately, as I write this, that string of violent swings in the capital markets continues to plague us, all of us. There is so much uncertainty here and abroad in the financial systems and in our own regulatory system that we just cannot seem to get a settled direction from those charged with making the big decisions. Hopefully, like a big kidney stone, this, too, will pass. But in the meantime, it promises to be bewildering and painful. We are in it for the long term; now is not the time for a knee-jerk reaction that would devastate the portfolio. We will be deliberate and careful.

In this edition, we have a good bit to discuss with you. Last issue, we shared with you some statistics regarding our revenue shortfall relative to the benefits being paid out. In that light, we are now considering asking the General Assembly for a dues increase, which would go toward making up some of the revenue shortfall. We are also being asked to review the reporting of creditable service records of an increasing number of departments. Usually this is for their assurance and support; sometimes it is due to erroneous record keeping. We are getting

more requests for reviews and informational meetings than we can service with just one field person, so we are planning to add another field person to handle the additional work.

We are also planning a revision to the Pension Fund Rules and Regulations, to be effective January 1, 2012. This revision will eliminate the part-time firefighter classification for pension service eligibility and introduce a "point system" for volunteers to earn pension creditable service to replace the "50% Rule." There will be other minor changes to the Rules to improve readability and enhance our service to the members, but these are the two major changes. The point system will be introduced to a select group of Chiefs at a Volunteer Chiefs' Symposium in October, wherein we will flesh out the kinks. The revised Rules will be available on the website for comment, also in October, and will be included in the next newsletter, (if we get one out prior to the end of the year.) In any event, you will have ample opportunity to review the proposed changes and comment before we submit them to the legislative committees and the Secretary of State's office.

...Continued on Page 3...



*Jim Meynard*

*Meet  
Our  
Managers...*

*Orleans Capital  
Management ...*

**Orleans Capital Management** is an independent investment advisor primarily providing domestic core fixed income, investment grade core and intermediate fixed income and domestic equity asset management. They serve a wide range of clients, consisting primarily of public pension plans, foundations and endowments. They currently manage approximately \$1.8 billion and are proud of the fact that a substantial amount of the assets they manage consist of additional allocations from existing clients. The firm was formed in 1991 by a group of principals who formerly comprised the senior investment management group at a major regional bank.

Orleans Capital's fixed income philosophy is premised upon the belief that bonds should represent the most stable asset class in a fund's overall portfolio, providing predictable cash flow and insuring the ability to meet long-term obligations. Their fixed income strategy adds value through sector and security selection designed to create an enduring yield advantage over the applicable benchmark without a material variation in quality, convexity or other portfolio characteristics.

The active management of investment grade corporate credits began in 1991 at the firm's inception primarily in the context of its core fixed income management. Orleans Core Fixed Income product has historically contained an allocation to investment grade corporate bonds between 50% to 65% of total account value. Orleans manages corporate only allocations for the Georgia Firefighters' Pension Fund. Orleans Capital's superior management of corporate credits has provided the "value-added" of total return over both short and long term investment horizons. Superior *sector* and *security* selection coupled with avoidance of problem or deteriorating credits has been a key factor in

achieving this success.

Any economic environment in which corporate spreads are narrowing is conducive to our strategy as well as other corporate bond managers. Navigating within an environment characterized by selective spread widening is more challenging and, in our view, a more important consideration. In such an environment, OCM's investment strategy and discipline of top down *sector* selection coupled with bottom up *security* selection has proven effective in producing superior relative returns in these circumstances. In addition, their willingness to discriminate against certain sectors of the corporate bond market and our unwillingness to be influenced by the benchmark's holdings allows them to create a portfolio with limited or no exposure to unhealthy sectors or securities.

Orleans Capital utilizes a team approach to fixed income asset management. As a result, all fixed income portfolio managers participate in investment decisions. The Fixed Income Committee, as opposed to individual managers, is responsible for all aspects of portfolio management from general issues such as portfolio strategy to specific decisions such as individual security selection. The Fixed Income Committee consists of Louis F. Crane, CFA (Chief Investment Officer), Rodney J. Abele, CFA (Senior Portfolio Manager), L. Farrell Crane, Jr. (Director of Research and Portfolio Manager) and Emily C. Becker (Portfolio Manager). The Committee is collectively responsible for all portfolio management and related research. Phyllis Kyle is the firm's trader. Cappy M. Johnson is a dedicated fixed income research analyst. All portfolio managers are also shareholders of the firm.



## Workers Compensation / Income

Occasionally we are asked if a retiree receiving benefits from the Fund is entitled to continue receiving those benefits if that individual begins receiving Workers Compensation benefits. The context in which this question is usually asked is from a retiree who volunteers for their local department. The answer in this instance would be yes, the member could continue to receive benefits.

O.C.G.A. § 25-3-23 (a) (2) (D) requires any legally organized fire department to purchase and maintain sufficient insurance to cover each of its members, so as to pay claims for injuries sustained in route to, during, and returning from fire calls or other emergencies and disasters and scheduled training sessions. The required insurance for volunteers also relates to wages from the firefighter's job in the private sector. Since the firefighter is volunteering, there would be no income to replace in his role as a firefighter.

For this reason, the Fund is not

required to suspend the retiree's benefits. This holding is consistent with (1) the Board's previous determination that "pure" volunteers, i.e., those who are receiving no remuneration for volunteering are not considered employees under O.C.G.A. § 47-7-101(b); 2) the Board's desire to encourage volunteers and retirees remaining involved in the fire service; and 3) the general principle established under Georgia law that retirement statutes are remedial in nature and are "liberally" construed in favor of the member of the retirement system.

Although we hope and pray there is never an incident where a firefighter would be dependant upon Workers Compensation, if such did occur, we would not be required to suspend benefits. This determination was recently reviewed and reiterated by our Board Counsel, David Will.



*David Luther*

...Continued from Page 1...*From The Desk Of the Executive Director ...*

All of the above is discussed further on the inside pages, along with some additional items. The Board of Trustees has also discussed these issues among themselves with no simple resolution to date. But, for the October Board meeting, we will have to come to some conclusions on all issues in preparation for the 2012 legislative session, where, in our Code section, we have some "house-keeping" proposals to bring to the General Assembly.

If you, as a member, have a suggestion, comment or question related to the Rules and Regulations or Title 47-7 of the Code, please send me an e-mail and let us know what you are thinking. There is always room for improvement, as long as it is legal and moral, and has no fiscal impact!



*Jim Meynard*

"Our industry  
is committed to  
the environment.

All of our  
lobbyists are  
100% recycled  
congressmen!"

- *Pepper and Salt,*  
*the Wall Street Journal*

If my mind  
can conceive it  
and my heart  
can believe it,  
I know  
I can  
achieve it.

- *Rev. Jesse Jackson*

## “Points” for Volunteers

If you  
pay people  
not to work,  
and you  
tax people  
who do work,  
don't be surprised  
if less and  
less people  
actually work.

- Art Laffer, 1998

Under the governing statute for the pension fund, O.C.G.A. § 47-7, and in particular, paragraph -81, the Board of Trustees has the authority to prescribe the minimum requirements for a volunteer to earn pension creditable service each year. The statute also states that in no case shall the standard set be less than “50% of all the drills, meetings, and fires in a calendar year.” This is the basis of the “50% Rule” prescribed for annual volunteer affidavits. It is also the basis for some confusion, consternation and not just a little bit of really bad record keeping, not to mention poor direction coming from this office.

Over the years, we have heard several concerns about the governance of this rule. A primary concern is that volunteers do not get credit for training taken independently, say at the Fire Academy in Forsyth. Other items of note relate to consistency of guidance, forms, etc. Some of this we tried to correct, or at least help with, by issuing the infamous “thumb drives.” They had some bugs. They worked for some folks; not for others. We learned a lot from the drill.

When David Luther came on board, we began hosting an annual “Chief’s Symposium.” These have been a mixture of volunteer and combination department chiefs gathering for a half day or so on Saturday to hash out issues and explore solutions. At the last one,

we explored how volunteers are giving time to man stations, maintain equipment and inventory, and train independently without pay and without pension credit. And the question was asked, “could we address those situations?”

David and I thought we could. We put our heads together and came up with a point system that awards points for meetings, drills, fires **and** station work time and independent training. But, the system sets minimums for meetings and drills and minimums for fires and requires the total points earned to be at least 50% of the points offered by the department over the course of the year, thus satisfying the statute.

We will host another Volunteer Chiefs’ Symposium in October with select Chiefs to unveil our point system and ask them to wring it out. After that, we will tune it up, ask the Board to approve it and post it on the website. It will be put in the Rules and Regs and submitted to the Legislature and the Secretary of State for implementation in January. If all goes well, we will make tools and forms available on the website for those who wish to use them. This will be a significant improvement to volunteer creditable service reporting.



*Jim Meynard*

### Senior Discount:

Last year I replaced several windows in my house. They were the expensive double-insulated energy efficient windows. This week I got a call from the contractor complaining that the work has been done for a year and I had failed to pay for them. Boy, oh boy, did we go 'round and 'round. I told him no one pulls a fast one on this old lady. Even though I am a senior citizen and used to be a blonde, doesn't mean that I am automatically stupid! I proceeded to tell him just what his salesman told me last year; that "in one year they would pay for themselves!"

## Rules and Regulations

This is the fifth 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 issue we will explain the ninth Rule.

### Rule 513-7-1-09

#### Leave of Absence Amended

The Pension Fund provides a way to remain in the Pension Fund when circumstances arise and you no longer qualify for membership in the Fund. You may have to leave the fire department for a period of time or you may assume a position that does not qualify you for membership in the Fund. If this occurs and you are a member of the Fund in good standing (which means you are not suspended or non-compliant) and you wish to leave your dues in the Fund, you may take a leave of absence. You will still be considered a member of the Fund and your dues contributions and accumulated pension creditable service remain intact.

If you wish to take a regular leave of absence, you must submit a written request to the Pension Fund thirty (30) days before the date of such leave. You cannot still be employed, that is, in a position that qualifies you for membership in the Fund, and take a leave of absence. Also, you should be sure we have a current address on file. Once your request is approved, your leave of absence will be granted for two (2) years.

Prior to the expiration of the two (2) year leave, you may, in writing,

request an extension of your leave which will be renewed for an additional two (2) years. Regular leaves may be renewed every two (2) years for an indefinite period.

If you again become eligible to participate in the Fund, you can become reinstated by completing a new Application for Membership which can be found on our website at [www.gfpf.org](http://www.gfpf.org).

You do not continue to receive pension credit in the Fund while you are on leave; therefore, you are not permitted to pay dues during a regular Leave of Absence.

The Fund also recognizes that we have members who are in the National Guard or Reserves. If you are called to active duty, you may request a Military Leave of Absence by submitting a written request, including a copy of activation orders, to the Pension Fund. This leave will be granted as long as you remain on active duty.

After you are released from active duty and rejoin the fire service, you have one (1) year to apply for re-instatement. A request for re-instatement must include a new Application for Membership, a copy of military separation papers and the first month's dues payment.

Members on military leave may pay dues while on leave or within one (1) year of their return from active duty. Pension creditable service will be granted for the period of active duty upon payment of the relevant dues amount.

A member of the Pension Fund who obtains a regular leave of absence or a military leave of absence shall be entitled to re-instatement in the Fund provided that the member is eligible upon returning to the fire service. Pension credit service will begin upon acceptance of the new application.

**CONTINUED**

**COST**

**SAVINGS!!!!**

The  
GFPF NEWS  
and  
Annual Report  
are  
Created,  
Edited,  
Published  
and  
Printed  
In-house.



## Here We Grow Again

Our continued growth in active membership speaks well for firefighter confidence in this fund. Increased membership, coupled with asset growth does, however, highlight our responsibility to perform as a significant business entity. And as a business, we have a variety of responsibilities to our membership. The pre-eminent responsibility of the staff is financial, so as to ensure benefits will be available to the member as a retiree upon reaching that milestone in their career. That is accomplished through sound financial management.

There are, however, some responsibilities that must be shared with the membership. The prominent responsibility of the member is not just in paying dues, but in earning the benefits. As the management of the Pension Fund, we have a responsibility to ensure that all benefits are earned. We have to ensure that participants, earning equal benefits, are playing by the same set of rules. In doing so, the staff is required to verify that creditable service is earned by participants, and departments. These guidelines are established by the Board of Trustees under authority set forth in State Code O.C.G.A. § 47-7. To ensure such guidelines and our financial responsibility are being met, we do inspect records when requested, and on an ad hoc basis. Much to our disappointment, these inspections are revealing some poor record keeping practices

With this being said, we are planning to add another staff person in field operations support. The position will have responsibilities related to supporting the fund's efforts in encouraging compliance with Pension Fund rules, related to training and call

attendance, and their proper documentation and retention. This person will be tasked with site visits to analyze and verify such documentation. This person will also provide information to departments on the types of records related to training and call response most suitable to meet the needs of the Pension Fund.

This person will also be available to make pension related presentations to departments and attend district meetings on behalf of the Pension Fund. He/She will be responsible for answering (or getting answers to) pension related questions for participants and retirees.

The qualifications we are looking for are rather straight forward. We need someone who can communicate very well, spoken and written; be available for travel throughout the state, three or four nights a week. Thorough knowledge of fire house procedures and terminology is a must; knowledge of fire training and record keeping is a big plus. Demonstrated, good record keeping and computer skills will be required.

If you have an interest in the position, please do not call to inquire. Send a resume, with a cover letter citing why you would like this position and how you would contribute. Send the requested information and your salary requirements to my attention. If you are a retiree receiving GFPP benefits, keep in mind it will be full time, and pension eligible, meaning, you would have to put your GFPP pension benefits on hold while employed in this position.

### *Thought to ponder:*

We tax cigarettes  
so people will stop  
smoking as much,  
  
We tax gasoline  
so people will stop  
driving as much,  
  
We tax income,  
so people will ...



*David Luther*

# Georgia Firefighter's Pension Fund

## Vital Statistics as of August 31, 2011

(FINANCIALS ARE PRELIMINARY)

Assets \$541,479,354

Active Members 12,945

Retirees 3,988

### FUND PERFORMANCE

Current Month -5.1

Calendar Year 2011 (January 1-August 31, 2011) -0.7

Fiscal Year to Date (July 1, 2011-August 31, 2011) -5.8

### 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 \$701 per month

### EXPECTED AVERAGE BENEFIT

#### PAYOUT OVER 25 YEARS

\$210,300.00

## **Dues – A Candid Discussion**

In our last issue, we discussed with you the financial basis underlying the decision of not granting COLA's over the last several cycles. Therein, we noted that benefit payments were exceeding revenue receipts (dues and taxes) by more than \$4.6 million. We are now in the "baby boom" phase of the retirement cycle, meaning that our retirement expenses are going to continue to grow as more and more of our members reach retirement age and, wonderfully, our members are living longer.

We last had a dues increase in July of 1988, over 23 years ago. Then, the fund had only 1,703 active members and only 109 retirees. The fully vested monthly benefit then was \$500 and the fund paid out almost \$500,000 a year in benefits. Dues were raised to \$15 a month and brought in over \$300,000, paying

more than half the benefits then. But, of course, the fund was still relatively new in some sense and not well known around the fire service.

So now we have, roughly speaking, 13,000 active members, 4,000 retirees and the fully vested benefit is \$882! We take in \$2.3 million in dues, but we are paying out \$32.6 million in benefits, \$4.6 million more than dues and taxes combined. In years past, good performance in the capital markets has picked up that slack, but over the last several years we have not had that good fortune. We are over due for a dues increase. It will be up to the Board to decide what to ask for; it will be up to the General Assembly what to grant.

As always, we will keep you informed of the Board's request and the legislative action.



*Jim Meynard*

## **GFPF NEWS**

2171 East View Parkway  
Conyers, Georgia  
30013-5756

770-388-5757  
678-413-4227 Fax  
866-374-0788 Toll Free

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website at  
[www.gfpf.org](http://www.gfpf.org)*

The GFPF NEWS is the official publication of the Georgia Firefighters' Pension Fund, published quarterly for GFPF participants and retirees. Contributions to the GFPF NEWS are welcome, but the staff reserves the right to select material to be published. Publication of any article or statement is not to be deemed an endorsement of the views expressed therein. This publication shall accept no advertisement for commercial services or products.

# GFPF CONTACTS

## Georgia Firefighters' Pension Fund

2171 East View Parkway, Conyers, GA 30013-5756

Phone: 770-388-5757 Toll Free: 866-374-0788 Fax: 678-413-4227

Office Hours: 8:00 a.m.— 5:00 p.m., Monday — Friday

**James R. Meynard, CFA**  
Executive Director  
[execdir@gfpf.org](mailto:execdir@gfpf.org)

**C. Morgan Wurst**  
Assistant Treasurer  
[finance@gfpf.org](mailto:finance@gfpf.org)

**Juanita Whetzel**  
Executive Assistant  
[exec.assistant@gfpf.org](mailto:exec.assistant@gfpf.org)

**Sharon Drake**  
Operations Manager  
[operations@gfpf.org](mailto:operations@gfpf.org)

**David Luther**  
Field Coordinator  
[field.coordinator@gfpf.org](mailto:field.coordinator@gfpf.org)

**Cindy Cannon**  
Retirement Specialist  
[retirement@gfpf.org](mailto:retirement@gfpf.org)

**Darlene McMillan**  
Accountant  
[accounting@gfpf.org](mailto:accounting@gfpf.org)

**Leanna Johnson**  
Membership Records Specialist  
[membership@gfpf.org](mailto:membership@gfpf.org)

**Paula Manning**  
Receptionist  
[pensions@gfpf.org](mailto:pensions@gfpf.org)

**Andrea Brown**  
Administrative Assistant  
[admin.assistant@gfpf.org](mailto:admin.assistant@gfpf.org)

**Dues & Revenue Specialist**  
[dues@gfpf.org](mailto:dues@gfpf.org)

[www.gfpf.org](http://www.gfpf.org)

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2171 East View Parkway  
Conyers, Georgia 30013-5756

