



MEMORANDUM

December 3, 2012

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator *Eric*
Russ Truell, Assistant City Administrator

SUBJECT: Consideration of Subscription Agreement with Aberdeen Asset Management Inc.

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider an agreement with Aberdeen Asset Management for investment management services for the City of Franklin Pension Plan.

Background

The Pension Committee, at its November meeting, approved a motion to select Aberdeen Asset Management LLC to manage the international investment allocation for the Employees' Pension Plan. Aberdeen Asset Management would be a replacement for State Street Global Investments, our current international manager for investments in developed countries outside the United States. The Committee believes that the performance of State Street has been below expectations for this asset category, and previously instructed our financial advisory firm to conduct a search for a replacement manager. During the November meeting, three finalists were interviewed and the research on their historical performance was reviewed at length with our financial advisor. Aberdeen was selected by a unanimous vote of the committee members present.

By engaging Aberdeen Asset Management, the Committee will not be increasing the total allocation to this investment category, only changing the asset manager. As with all contracts with pension managers, our City Attorney and our Pension Plan's legal advisor will need to review this agreement and other documentation regarding the structure of the investment fund. Approval of this agreement should be subject to final approval of, and any amendments recommended by, the City Administrator, the City Attorney, and pension counsel.

Financial Impact

No impact to General Fund.

Options

Approve or disapprove the subscription agreement recommended by the Pension Committee, subject to the review of the City Attorney, our Pension Attorney, and the City Administrator.

Recommendation

Staff recommends approval of the subscription agreement subject to the final approval of the City Administrator, City Attorney and pension counsel.