

**SECOND AMENDMENT TO THE
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN**

WHEREAS, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

WHEREAS, the City has retained the right to amend the Plan; and

WHEREAS, the Board of Mayor and Aldermen has approved the amendment of the Plan as set forth herein;

NOW, THEREFORE, the Plan is hereby amended in the following respects:

1. Section 2.1 of the Plan is deleted and replaced in its entirety to provide as follows:

Employees who were not Participants in the Plan immediately prior to the Effective Date or are first hired on or after February 15, 2010, shall become eligible to participate in the Plan as of the first day of the month immediately following the completion of the following eligibility requirements:

- (a) He or she is permanently employed in a full-time position with the City;
- (b) He or she is designated by the City as a Regular Employee and works at least thirty (30) hours per week; and
- (c) He or she has earned at least one (1) Year of Credited Service.

Notwithstanding the foregoing, an Employee first hired on or after February 15, 2010, shall become eligible to participate in the Plan and become a Participant hereunder as of the first day of the month immediately following the commencement of the Employee's employment by the City, provided, however, that such Employee shall be eligible to participate in the Plan only upon his election to participate. Such election shall be made in a form and manner acceptable to the Plan Administrator.

2. The first paragraph of Section 2.7 of the Plan is deleted and replaced in its entirety to provide as follows:

Notwithstanding any provision of the Plan to the contrary, with respect to an Employee who was first hired on or after February 15, 2010, and who has not elected to participate in the Plan pursuant to Section 2.1, such Employee who has become fully vested in his account balance under the City of Franklin 2010 Defined Contribution Plan (the "DC Account Balance") attributable to employer contributions by reason of the completion of five (5) years of service for the City may make an irrevocable election in a form and manner prescribed by the City to become a Participant under the Plan and to purchase Years of Credited Service with his DC Account Balance pursuant to the following formula:

3. Section 2.5 of the Plan, "Reemployment," is revised to add the following:

For purposes of the foregoing and for all features of the Plan as adopted with respect to Employees first hired on or after February 15, 2010:

(a) a Participant who has no Vested Accrued Benefit upon his severance from Employment and who is subsequently re-hired after February 15, 2010, is a new hire at the time of his reemployment unless such Participant's forfeited Accrued Benefit is eligible to be and is reinstated pursuant to Section 5.1(e);

(b) a Participant who has a vested Accrued Benefit that is not distributed upon his severance from Employment and who is subsequently re-hired after February 15, 2010, is not a new hire at the time of his reemployment; and

(c) a Participant who has a vested Accrued Benefit that is distributed upon his severance from Employment and who is subsequently re-hired after February 15, 2010, is a new hire at the time of his reemployment.

4. Except as otherwise provided in this Second Amendment, the Plan shall remain in full force and effect.

SIGNED this _____ day of _____, 2013.

CITY OF FRANKLIN, TENNESSEE

By: _____

Title: _____

RESOLUTION NO. 2013-33

A RESOLUTION TO AMEND THE CITY OF FRANKLIN EMPLOYEES' PENSION PLAN

WHEREAS, the City of Franklin ("City") has previously established and currently maintains the City of Franklin Employees' Pension Plan and Trust ("Plan"); and

WHEREAS, the City has retained the right to amend the Plan; and

WHEREAS, the City has determined that it is in the best interests of the City and Plan Participants to amend the Plan to clarify certain administrative and operational procedures relative to the effective date of hire for employees that leave service with the City but later return to service; and

WHEREAS, the Board of Mayor and Aldermen has been presented with a proposed Second Amendment to the Plan, which is attached hereto, and which will implement the changes described immediately above; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City to approve and adopt the proposed Second Amendment to the Plan.

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. That the Board of Mayor and Aldermen hereby approves and adopts the Second Amendment to the Plan in substantially such form as is attached hereto.

SECTION 2. That the Mayor and/or City Administrator are authorized to execute the Second Amendment to the Plan.

SECTION 3. That all other provisions of the Plan not affected by the Second Amendment to the Plan shall continue in full force and effect.

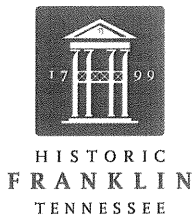
THIS RESOLUTION SHALL BE EFFECTIVE IMMEDIATELY UPON ITS PASSAGE AND ADOPTION on this _____ day of _____, 2013, the public welfare and the welfare of the City requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

By: _____
Eric Stuckey
City Administrator

By: _____
Ken Moore
Mayor



MEMORANDUM

May 20, 2013

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator *ES*
Shirley Harmon, Human Resources Director
Russ Truell, Assistant City Administrator/CFO

SUBJECT: Second Amendment to Pension Plan

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider an amendment to the City's Pension Plan clarifying the effective date of hire for employees that leave service with the City of Franklin but later return.

Background

To eliminate any confusion about the meaning of the language in the Pension Plan document, the City's outside pension counsel has recommended some small housekeeping changes to Article II of the plan.

In Section 2.1 and 2.7, the word "hired" is replaced by "first hired" in three places and the introductory sentence has been removed. In Section 2.5, an additional paragraph is added.

These changes are intended to clarify whether or not a person leaving employment with the City and later returning to City employment should be considered a "new employee" for pension purposes. It could in some cases affect the years of service that are used in the calculation of their pension benefit.

The City's practice has been to recognize the original date of hire for those persons leaving the city with a vested status in the pension plan. Those not yet vested at the time of their departure who have been outside City employment for a period longer than they served the City, have been considered as new employees; those persons would have to start over on their vesting schedule.

Recommendation

Approval of the proposed amendment to the Pension Plan is recommended.