



MEMORANDUM

July 11, 2013

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator *ES*
Russ Truell, Assistant City Administrator

SUBJECT: Instrument of Accession for Westwood Global Investment Fund

Purpose

The purpose of this memorandum is to present information to the Board of Mayor and Aldermen (BOMA) to consider entering into an Instrument of Accession with the Westwood Global Investment Fund (WGI) covering an additional investment of \$2,000,000 in an emerging markets fund for the City of Franklin Employee Pension Plan.

Background and Financial Implications

Since 2009, the Employee Pension Plan has had an asset allocation plan that included a five-percent commitment to emerging market equities. At the February meeting of the Pension Committee meeting, the asset allocation plan was reviewed and, upon the recommendation of our financial advisor, the allocation to emerging market equities was increased to ten percent. That meant additional funds needed to be placed with the appropriate money managers.

The Plan has engaged Westwood Global Investments Fund as the principal manager for our emerging market allocation. However, because WGI is a “closed fund,” we can only increase our holdings when availability occurs. Currently, a portion of the emerging market allocation is being held in a Schwab mutual fund. Westwood has agreed to accept that portion on July 31.

Whenever there is an increase in our investment in the Westwood fund, WGI requires an “instrument of accession” from the City. This is due to the structure of the fund and the fund documents. The City has executed a similar document in 2011 and again in March of this year, when additional contributions to WGI were made due to rebalancing and availability.

Financial Impact

The actions being considered are consistent with the Employee Pension Plan’s asset allocation plan.

Recommendation

Staff recommends that we approve the instrument of accession in order to execute the asset allocation decision of the Pension Committee.

WGI EMERGING MARKETS FUND, LLC
Instrument of Accession to Subscription Agreement

The undersigned, CITY OF FRANKLIN EMPLOYEE PENSION PLAN (the "Subscriber"), hereby agrees, pursuant to and subject to all of the terms and conditions set forth in that certain Subscription Agreement (the "Agreement") dated and effective as of JULY 23, 2013, by and among the Subscriber and WGI Emerging Markets Fund, LLC, a Delaware limited liability company (the "Fund"), to subscribe for an additional Membership Interest in the Fund for a total purchase price in the amount of US\$ 2,000,000 (the "New Subscription").

The Subscriber represents and agrees as follows:

1. For all purposes under the Agreement, the term "Subscription" shall be deemed to include, as an addition thereto, the accepted amount of the New Subscription.
2. Each of the representations and warranties made by the Purchaser in Section 7 of the Agreement, and all of the information provided by Subscriber in its Investor Suitability Questionnaire are complete, accurate, true and correct at and as of the date hereof, or have been updated in a writing to the Fund delivered contemporaneously herewith.
3. Any New Subscription accepted after the initial closing of investments into the Fund shall be subject to the Processing Fee provided in Section 9 of the Agreement, as applicable.

This Instrument of Accession shall take effect and shall become an integral part of the Agreement as of the date of approval set forth below.

IN WITNESS WHEREOF, the parties hereto have caused this Instrument of Accession to be executed and effective as of the date of acceptance set forth below.

Subscriber:

CITY OF FRANKLIN EMPLOYEE PENSION PLAN

By: _____

Name: DR KEN MOORE

Title: MAYOR

ACCEPTED BY:

WGI EMERGING MARKETS FUND, LLC
By: Westwood Global Investments, LLC
Its Manager

By _____
A Duly Authorized Representative

\$ _____
Amount of Subscriber's New Subscription
Accepted by the Manager

Date: _____