



HISTORIC
FRANKLIN
TENNESSEE

ITEM #19
BOMA 02/09/10

MEMORANDUM

January 14, 2010

TO: Board of Mayor and Aldermen
FROM: City Administrator Eric S. Stuckey *Eric*
Assistant City Administrator Russ Truell
SUBJECT: Contract amendment with State Street Global Advisors

Purpose

To amend the existing contract with State Street Global Advisors to change certain administrative rules.

Background

The City of Franklin Pension Plan currently has funds invested with State Street Global Advisors. When the contract was originally adopted by BOMA, a securities lending feature was included. In light of recent financial events, State Street has limited the withdrawal rates for accounts with the securities lending feature. On the advice of our Plan's independent financial advisor, we have asked State Street to amend the contract for all future investments to exclude securities lending.

Financial Impact

There is no change to the charges or fees, except that earnings from securities lending have been used to partially offset administrative fees.

Options

Approve the amendment or leave the contract in its current form.

Recommendation

Staff recommends the contract amendment.

December 31, 2009

Mr. Russell Truell
Finance Director
City of Franklin
109 Third Avenue South
Franklin, Tennessee 37064

Re: Amendment for Participation in the SSgA U.S. Aggregate Bond Index Non-Lending Fund and the SSgA International Alpha Select Non-Lending Fund

Dear Mr. Truell:

State Street Global Advisors, a division of State Street Bank and Trust Company ("State Street") and the City of Franklin ("Client") have previously entered into an Investment Management Agreement dated April 20, 2006 (the "Agreement"), as subsequently amended. Pursuant to the Agreement, Client has retained State Street as an investment manager for certain assets of the City of Franklin Pension Plan, an employee benefit plan maintained by Client.

Pursuant to the Agreement, Client currently invests in the Passive Bond Market Index Securities Lending Fund and the International Alpha Select Securities Lending Fund (the "Sec-Lending Funds"). Client now desires to transfer certain assets currently invested in the Sec-Lending Funds to be invested in the SSgA U.S. Aggregate Bond Index Non-Lending Fund and the SSgA International Alpha Select Non-Lending Fund (the "Funds") maintained by State Street. Client acknowledges receipt of the Strategy Disclosure Documents that relate to the Investment Objectives set forth on Exhibit 1.

This letter shall constitute an amendment to the Agreement. Client hereby authorizes the transfer of assets to be invested in the Funds. The investment objectives and fee schedule of the Funds are attached hereto as Exhibits 1 and 2, respectively, and shall be added to the Investment Objectives and the Fee Schedule currently contained in the Agreement. Client represents and warrants that it has been advised by State Street that there are certain withdrawal parameters that apply to transfers from securities lending funds to non-lending funds.

STATE STREET GLOBAL ADVISORS | SSGA.

Except as provided herein, the terms and conditions contained in the Agreement shall remain in full force and effect.

If the above terms are acceptable to you, please countersign this letter in the space provided below, in duplicate.

Very truly yours,

STATE STREET GLOBAL ADVISORS, a division of
State Street Bank and Trust Company

By: _____
Title:

Agreed to and Accepted

CITY OF FRANKLIN as fiduciary of the City of Franklin Pension Plan

By: _____
Title:

Exhibit 1

INVESTMENT OBJECTIVES

SSgA U.S. Aggregate Bond Index Non-Lending Fund

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index over the long term. In seeking to accomplish this investment objective, the Fund may invest directly or indirectly in securities and other instruments, including in other pooled investment vehicles sponsored or managed by, or otherwise affiliated with the Trustee ("Commingled Funds").

Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objective. For more information about investment policies, principal investment strategy and associated risks, please see the "US Fixed Income Index Strategy Disclosure Document" (as may be amended, modified, or supplemented from time to time, the "Strategy Disclosure Document").

SSgA International Alpha Select Non-Lending Fund

The Fund seeks to provide a total investment return in excess of the performance of the MSCI EAFE Index over the long term. In seeking to accomplish this investment objective, the Fund may invest directly or indirectly in securities and other instruments, including in other pooled investment vehicles sponsored or managed by, or otherwise affiliated with the Trustee ("Commingled Funds").

Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objective. For more information about investment policies, principal investment strategy and associated risks, please see the "International and Global Active Quantitative Strategy Disclosure Document" (as may be amended, modified, or supplemented from time to time, the "Strategy Disclosure Document").

Exhibit 2

FEE SCHEDULE

SSgA U.S. Aggregate Bond Index Non-Lending Fund*

0.06% on the first	\$50,000,000
0.05% on the next	\$50,000,000
0.04% thereafter	

Minimum annual fee: \$10,000

Administrative fees: The Fund will be charged certain custody and transaction costs as more fully outlined in the Fund Declaration.

SSgA International Alpha Select Non-Lending Fund**

0.80% on the first	\$25,000,000
0.70% on the next	\$25,000,000
0.55% on the next	\$50,000,000
0.45% thereafter	

Minimum annual fee: \$10,000

Administrative fees: The Fund will be charged certain custody and transaction costs as more fully outlined in the Fund Declaration.

*For purposes of calculating the above fee schedule, including the minimum annual fee and excluding administrative fees, assets of the City of Franklin Pension Plan invested in the Passive Bond Market Index Securities Lending Fund and the SSgA U.S. Aggregate Bond Index Non-Lending Fund shall be considered in aggregate. Invoices will be prorated accordingly.

**For purposes of calculating the above fee schedule, including the minimum annual fee and excluding administrative fees, assets of the City of Franklin Pension Plan invested in the International Alpha Select Securities Lending Fund and the SSgA International Alpha Select Non-Lending Fund shall be considered in aggregate. Invoices will be prorated accordingly.

Fees are charged for services rendered pursuant to this Agreement quarterly in arrears based on the average month-end market values within each quarter. Invoices shall be rendered as indicated by the agreement subsequent to the end of the calendar quarter.