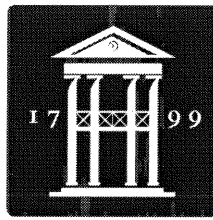


ADMINISTRATION

Russell B. Truell
Assistant City Administrator, CFO
Finance



Pension
6-13-11
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Dr. Ken Moore
Mayor

Eric S. Stuckey
City Administrator

H I S T O R I C
F R A N K L I N
T E N N E S S E E

June 7, 2011

TO: Pension Committee Members

FROM: Russ Truell, Assistant City Administrator

SUBJECT: Polen Capital Management & Large Cap Growth Allocation

Purpose

The purpose of this item is to consider whether to allow Polen Capital to manage all of the funds allocated to Large Cap Growth.

Background

At the last Pension Committee meeting, Polen Capital Management was selected from three finalists to be a manager of our Large Cap Growth stock allocation. The selection process was invoked when our previous manager, Transamerica, elected to withdraw from equity investing, leaving us without a manager in this category.

Also at during the last meeting, it was mentioned that we could split the category by leaving some of the roughly \$10 million in this category in the current investment: Vanguard's Large Cap Growth exchange-traded fund. A question was raised about Polen's minimum investment size. Barry Bryant was charged with investigating whether Polen would accept \$5 million instead of the full amount.

Polen responded with an offer to manage the \$5 million for the fee structure of 0.75% which was included in their proposal. They also offered to reduce that amount to 0.60% if we would place the entire allocation with their firm.

Options

- 1) Place \$5 million with Polen Capital with a 0.75% fee structure.
- 2) Place \$10 million with Polen Capital with a 0.60% fee structure.

Recommendation

Staff does not have a strong recommendation. Fee savings could be considerable, but Polen's stock concentration does reduce diversification somewhat.