

THIRD PARTY CO-INVESTMENT OF PENSION PLAN ASSETS AGREEMENT

This Agreement made as of the 13th day of December, 2016 by and between the Tennessee Consolidated Retirement System (“TCRS”) and the City of Franklin, Tennessee (“Political Subdivision”) is for the provision of certain pension plan co-investment services on behalf of Political Subdivision as specifically described in this Agreement. TCRS and Political Subdivision may be referred to individually as a “Party” or collectively as the “Parties” to this Agreement.

DEFINITIONS

“Assets” mean all cash, securities and other holdings of Political Subdivision’s Closed Pension Plan (as defined below) that are transferred to TCRS for co-investment. Assets also mean all future contributions deducted from the compensation of Closed Pension Plan participants and contributions of Political Subdivision to the Closed Pension Plan that are forwarded to TCRS for investment and reinvestment pursuant to this Agreement.

“Chair” means the Chair of the Board of Trustees of TCRS.

“Closed Pension Plan” means the Political Subdivision’s

CITY OF FRANKLIN EMPLOYEES’ PENSION PLAN
(Name of Plan)

as adopted on MAY 1, 1971 _____, including any amendments
(Date First Adopted)

thereto dated _____,
(Dates of All Amendments)

which will be closed to new membership effective December 31, 2016.

“Code” means the Internal Revenue Code.

“Eligible” means any investment permitted under The Tennessee Consolidated Retirement System Investment Policy (“TCRS Policy”) that may be amended from time to time.

“Eligible Participants” means the participants and beneficiaries of the Closed Pension Plan.

“Group Trust” means the State of Tennessee Retiree Group Trust.

“Investment” means investment vehicles provided by TCRS for co-investment of the Closed Pension Plan’s assets pursuant to Tennessee Code Annotated, Section 8-37-104(f), as may be amended from time to time.

“State” means the State of Tennessee.

“Trust Declaration” means the Group Trust Declaration for the State of Tennessee Retiree Group Trust.

WITNESSETH

WHEREAS, Political Subdivision represents and warrants that the Closed Pension Plan is a governmental pension plan qualified under Section 401(a) of the Code and that Political Subdivision has the authority to contract with TCRS for TCRS to co-invest the Closed Pension Plan Assets with the pension plan assets of TCRS subject to and in conformity with the Trust Declaration and TCRS Policy; and

WHEREAS, pursuant to such authority, Political Subdivision desires for TCRS to co-invest the Closed Pension Plan Assets with the pension plan assets of TCRS subject to and in conformity with the Trust Declaration and TCRS Policy, and TCRS agrees to perform those services.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained, the Parties have agreed and do hereby enter into this Agreement according to the provisions set out herein.

A. SCOPE OF SERVICES:

1. Co-Investment of Assets. Upon transfer of Closed Pension Plan Assets to TCRS, TCRS, through the Tennessee Treasury Department, shall, at its sole discretion and without consulting with Political Subdivision, co-invest the Assets with the pension plan assets of TCRS in conformity with the Trust Declaration, TCRS Policy and applicable federal securities laws, rules and regulations.
2. Transfer of Assets. Political Subdivision acknowledges and agrees that only cash and Eligible Assets of the Closed Pension Plan can be transferred to TCRS, and that Political Subdivision shall remain responsible for the fees and costs associated with the transfer of Assets to TCRS. The Assets shall be transferred as follows: *(Check each box that applies.)*
 - a. Political Subdivision shall transfer Eligible Assets in-kind in a form, in such manner and on such date(s) as mutually agreed upon by the Parties. Political Subdivision shall provide TCRS a list of Assets, providing the description, CUSIP or ticker symbol, and quantity. Eligible Assets shall be placed into a separate account with TCRS’ master custodian, marked at fair market value in accordance with the Tennessee Treasury Department’s valuation policy. The Assets shall then be transferred into TCRS and the net fair market value will be exchanged for units of interest in the Group Trust at the current net asset value (“NAV”), as described in the Group Trust’s Disclosure Brochure, which is incorporated herein pursuant to Section A.5 below.

- b. [] Political Subdivision shall transfer cash in United States dollars in such manner and on such date(s) as mutually agreed upon by the Parties and the net value will be exchanged for units of interest in the Group Trust at the current net asset value ("NAV"), as described in the Group Trust's Disclosure Brochure, which is incorporated herein pursuant to Section A.5 below.

3. Reporting.

- a. Group Trust Reports. On a quarterly basis (commencing after the end of the calendar quarter immediately following the transfer of Assets to TCRS), a general investment performance report on the Group Trust will be made available on TCRS' internet website. The report will be transmitted electronically by TCRS to Political Subdivision in a TCRS approved format upon the written request of Political Subdivision. In addition, an annual audited financial report pertaining to the Group Trust will be made available to Political Subdivision on TCRS' internet website within a reasonable period after the close of TCRS' fiscal year.
 - b. Net Asset Value Report. Within a reasonable period after the close of each month (commencing after the end of the month immediately following the transfer of Assets to TCRS), TCRS shall report to Political Subdivision the net asset value of the Closed Pension Plan's interest in the Group Trust, including the number and net asset value of the units held for the account of the Closed Pension Plan. The report shall be provided to Political Subdivision in such manner and in such format as TCRS shall determine in its sole discretion. The unit valuation shall be calculated in accordance with the Group Trust's Disclosure Brochure.
4. Comprehensive Investment Review. At the written request of Political Subdivision, TCRS will meet on an annual basis with representatives of Political Subdivision to provide a comprehensive review of market performances and investment objectives of the Group Trust. Upon receipt of the request, TCRS shall schedule the meeting and provide Political Subdivision with the date of the meeting. The meeting shall be held at such place as shall be mutually agreed to by the Parties.
5. Adoption of Group Trust. Political Subdivision hereby adopts and incorporates by reference into the Closed Pension Plan the terms and conditions of the Trust Declaration and the Group Trust's Disclosure Brochure, as they may be amended from time to time at the sole discretion of TCRS. As promptly as practical, TCRS will provide Political Subdivision with any amendments/updates/revisions to the Trust Declaration and to the Group Trust's Disclosure Brochure, or provide Political Subdivision with notice that such amendments/updates/revisions have been made and the manner by which to locate them.
6. Exclusive Benefit and Prohibited Assignment. Political Subdivision agrees that at no time shall any part of the Closed Pension Plan's interest in the Group Trust be used for, or diverted to, any purpose other than for the exclusive purpose of providing benefits to participants and beneficiaries of the Closed Pension Plan ("Eligible Participants"), including providing such benefits through the funding of the benefits payable to such

Eligible Participants and by the payment of reasonable expenses of the Closed Pension Plan. At no time shall Political Subdivision assign any portion of the Closed Pension Plan's equity or interest in the Group Trust.

7. TCRS Responsibility for Assets. Subject to the conditions and limitations set forth herein, TCRS shall be responsible only for the Assets actually received by it hereunder, and shall not be responsible for those assets of the Closed Pension Plan that have not been delivered to and accepted by TCRS. TCRS shall be under no duty or obligation, and shall have no right, to determine the adequacy of or to compute any amount to be paid to it pursuant to the Closed Pension Plan, or to enforce the collection of any sums from Political Subdivision or the participants in the Closed Pension Plan solely by reason of this Agreement. The duties and obligations of TCRS shall be limited to those set forth in this Agreement. Notwithstanding any reference to the Closed Pension Plan, Political Subdivision agrees that TCRS is not a party to the Closed Pension Plan. TCRS shall have only those duties and responsibilities as set forth in this Agreement (determined without regard to the terms of the Closed Pension Plan).
8. Administration and Fiduciary of Closed Pension Plan. TCRS shall not be responsible for the administration or interpretation of the Closed Pension Plan solely by reason of this Agreement, including, without limitation, the determination of participation rights of any person and the determination of benefits or rights of any person having or claiming any interest in or benefit under the Closed Pension Plan. Political Subdivision shall continue to administer, and remain the trustee and fiduciary of the Closed Pension Plan. Neither the State nor TCRS, or any of its officers, agents, employees or boards shall act as a trustee or be considered the trustee for the Closed Pension Plan.
9. Closed Pension Plan Funding. TCRS shall not be responsible for the adequacy of Political Subdivision or the Closed Pension Plan to meet and discharge any liabilities under the Closed Pension Plan. Political Subdivision shall be solely responsible for funding its Closed Pension Plan in compliance with the provisions of Tennessee Code Annotated, Title 9, Chapter 3, Part 5.
10. Disbursements. Political Subdivision shall be responsible for ensuring that requests made to TCRS for disbursements of the Closed Pension Plan's interest in the Group Trust to and/or for the benefit of the Eligible Participants are made at such times, in such manner, in such amounts, in such form and for such purposes as is allowable under the Closed Pension Plan. Political Subdivision has designated on Attachment 1 to this Agreement, the name(s) of the person(s) authorized to make such requests ("Authorized Person" or "Authorized Persons") and the wiring instructions for the disbursements. Upon receipt of a disbursement request by an Authorized Person, TCRS shall distribute the requested amount from the Closed Pension Plan's interest in the Group Trust as is directed in the disbursement request. TCRS shall be under no duty or obligation under this Agreement or otherwise to make any inquiry or investigation as to whether any direction is made pursuant to the provisions of the Closed Pension Plan. Any such direction from an Authorized Person shall be deemed to include a certification that any payment directed thereby is one which such person is authorized to direct, and TCRS may conclusively rely

on such certification without further inquiry. Payment in response to such a direction from an Authorized Person shall be a complete discharge of TCRS of its responsibility for the holding and safekeeping of the funds disbursed and any funds so paid shall no longer be the responsibility of TCRS.

11. Authorized Persons. Each Party hereto has provided to the other Party a list identifying the individuals from whom the other Party is authorized to accept any notices, requests, demands, or other advice which may be given hereunder by the Party providing such list (referred to individually as an "Authorized Person" or collectively as "Authorized Persons"). Said lists, which are attached hereto as Attachment 1, shall be valid until revoked or amended by further written notice. The Parties hereto shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

B. AGREEMENT TERM:

This Agreement shall begin on the effective date specified above and shall continue until terminated as provided in Section F below.

C. FEES AND EXPENSES:

For services rendered under this Agreement, TCRS shall receive the fees and expenses as set forth in the Group Trust's Disclosure Brochure, as may be amended from time to time at the sole discretion of TCRS. The fees and expenses shall be deducted on a daily basis from the Closed Pension Plan's interest in the Group Trust.

D. REPRESENTATIONS AND WARRANTIES OF POLITICAL SUBDIVISION:

In addition to any other representations and warranties of the Political Subdivision as provided herein, Political Subdivision represents and warrants that:

1. The person signing this Agreement for Political Subdivision has been duly and validly authorized to do so on behalf of Political Subdivision;
2. The execution, delivery and performance of this Agreement will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound;
3. The Assets transferred to TCRS pursuant to this Agreement will consist solely of assets of a trust which qualifies under Section 401(a) of the Code, and that in the event that the assets lose such status or the Closed Pension Plan loses its tax exempt status, Political Subdivision shall immediately notify TCRS;
4. It shall take all actions that TCRS, in its discretion, deems necessary for compliance by TCRS with all applicable federal and state laws or for qualification of TCRS for any exemptions from regulation available under those laws, including, but not limited to, the federal Securities Act of 1933, as amended, compiled in 15 U.S.C. § 77a *et seq.*, and the Investment Company Act of 1940, as amended, compiled in 15 U.S.C. § 80(a)-1 *et seq.*

5. It (i) has read the TCRS Policy in its entirety, including the history and all amendments; (ii) acknowledges and understands the terms of the TCRS Policy, and (iii) adopts the TCRS Policy (in its current form and any subsequent form adopted by TCRS) for the co-investment of the Assets of the Closed Pension Plan;
6. It has read, and acknowledges and understands Tennessee Code Annotated, Title 9, Chapter 3, Part 5 and Tennessee Code Annotated, Title 8, Chapter 37, Part 1 in their entireties; and
7. It (i) has read the Trust Declaration and the Group Trust's Disclosure Brochure; (ii) and understands the Trust Declaration and the Group Trust's Disclosure Brochure; and (iii) adopts the Trust Declaration and the Group Trust's Disclosure Brochure (in their current form and any subsequent form adopted by TCRS) for the co-investment of the Assets of the Closed Pension Plan.

E. LIABILITY AND ACKNOWLEDGEMENT:

1. Liability. Neither the State nor TCRS, or any of its officers, agents, employees or boards shall incur liability of any nature in connection with any act or omission, made in good faith, in the co-investment of the Closed Pension Plan's Assets, in the administration of this Agreement, or in carrying out any directions by Political Subdivision issued in accordance with this Agreement.
2. Legal Action. If the State or TCRS, or any of its officers, agents, employees or boards are made a party to any legal action regarding the Closed Pension Plan, any and all costs and expenses, including reasonable attorneys' fees, incurred in connection with such a proceeding shall be paid from the Closed Pension Plan's interest in the Group Trust or charged to Political Subdivision, as shall be determined at the sole discretion of TCRS. In the event of any such action, Political Subdivision shall provide all necessary assistance to the State and TCRS in responding to the action. This Section shall not grant Political Subdivision, through its attorneys, the right to represent the State or TCRS in any legal matter, as the right to represent the State or TCRS is governed by Tennessee Code Annotated, Section 8-6-109.
3. Risk Acknowledgment. TCRS does not guarantee any specific level of investment performance. Political Subdivision acknowledges that TCRS does not guarantee the results of its investment strategies. Past investment performance history of the investment portfolios, common investment funds or other investment options, is neither an indicator nor a guarantee of future performance.

F. TERMINATION:

1. Termination. Either Party may terminate this Agreement, with prior written notice, for any reason. The termination notice may specify either that the termination is to be effective immediately or on a date certain in the future.

2. Transition and Transition Period. Notwithstanding any termination of this Agreement, the provisions of this Agreement shall continue to apply to the extent necessary for the orderly transfer of Assets, and for the transition and conversion of the services provided herein, to Political Subdivision or its designee ("Transition Period"). The Parties shall develop a written transition plan as promptly as possible upon the termination date of this Agreement. The plan may provide for the distribution of the Closed Pension Plan's interest in the Group Trust to be made in cash or in kind or some combination of cash or in kind. TCRS shall make the transfer in accordance with the transition plan and to whomever Political Subdivision designates in writing to TCRS. Political Subdivision agrees to fully cooperate with TCRS in the transition.
3. Continued Validity of Agreement. Termination of this Agreement will not affect (i) the validity of any action taken by TCRS under this Agreement prior to the end of the Transition Period; (ii) liabilities of, or obligations to, other parties for transactions initiated before the end of the Transition Period; or (iii) Political Subdivision's obligation to pay its fees (pro-rated through the end of the Transition Period), expenses, and/or costs.

G. MISCELLANEOUS TERMS AND CONDITIONS:

1. Modification and Amendment. This Agreement may be modified only by a written amendment signed by the Parties hereto.
2. Non-Assignability. No assignment of this Agreement shall be made by the Parties without express written consent between the Parties.
3. Nondiscrimination. Political Subdivision hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Agreement or in the employment practices of Political Subdivision on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. Political Subdivision shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
4. Strict Performance. Failure by any Party to this Agreement to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Agreement shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties hereto.
5. Independent Contractor. The Parties hereto, in the performance of this Agreement, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the Parties hereto that such Parties are independent contracting entities and that nothing in this Agreement shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its

usual services. The employees or agents of one Party shall not be deemed or construed to be the employees or agents of the other Party for any purpose whatsoever.

6. Force Majeure. The obligations of the Parties to this Agreement are subject to prevention by causes beyond the Parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.
7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee. Political Subdivision agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Agreement. Political Subdivision acknowledges and agrees that any rights or claims against the State or TCRS, or any of their employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under Tennessee Code Annotated, Sections 9-8-101 through 9-8-407.
8. Completeness. This Agreement is complete and contains the entire understanding between the Parties relating to the subject matter contained herein, including all the terms and conditions of the Parties' agreement. This Agreement supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties relating hereto, whether written or oral.
9. Severability. If any terms and conditions of this Agreement are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Agreement are declared severable.
10. Compliance with Legal Requirements. Political Subdivision agrees to execute any amendments to the Agreement, which in the Chair's sole discretion, is necessary or advisable to reflect changes in the Code and regulations thereunder, Tennessee law, revenue rulings published by the Internal Revenue Service, including model, sample, or other required good faith amendments, and for other reasons that are deemed at the Chair's sole discretion to be in the interest of the Closed Pension Plan and TCRS.
11. Right to Rely. TCRS shall have the right to conclusively rely upon the accuracy and completeness of all data and other information supplied by or on behalf of Political Subdivision by an Authorized Person. TCRS shall have no duty to verify or crosscheck any such information.
12. Enforcement of Agreement. Political Subdivision agrees it shall be liable for the reasonable cost of attorneys for TCRS to enforce the terms of this Agreement.
13. Headings. Section headings of this Agreement are for reference purposes only and shall not be construed as part of this Agreement.

14. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Agreement shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, or email address as stated below or any other address provided in writing by a Party.

TCRS:

Jill Bachus, Director
Tennessee Consolidated Retirement System
15th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243
E-mail: Jill.Bachus@tn.gov
Telephone: (615) 253-3845

Political Subdivision:

INSERT POLITICAL SUBDIVISION'S CONTACT NAME & TITLE
ADDRESS
ADDRESS
E-mail:
Telephone:

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the respective dates specified below with effect from the date specified on the first page of this Agreement.

CITY OF FRANKLIN

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

By: _____

By: _____

Name: Dr. Ken Moore

Name: David H. Lillard, Jr.

Title: Mayor

Title: State Treasurer & Chair of the Board of Trustees of the Tennessee Consolidated Retirement System

Date: _____

Date: _____

ATTACHMENT 1

AUTHORIZED PERSONS FOR POLITICAL SUBDIVISION

Pursuant to Section A.11 of the Third Party Co-Investment of Pension Plan Assets Agreement between TCRS and Political Subdivision, Political Subdivision has outlined below the individuals from whom TCRS is authorized to accept any notices, requests, demands, or other advice which may be given under the Agreement.

| <u>Authorized Individual</u> | <u>Contact Number</u> | <u>Email Address</u> |
|------------------------------|-----------------------|----------------------|
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Pursuant to Section A.11 of the Third Party Co-Investment of Pension Plan Assets Agreement between TCRS and Political Subdivision, Political Subdivision has outlined below the individuals who are authorized to receive any notices, requests, demands, or other advice which may be given under the Agreement.

| <u>Authorized Individual</u> | <u>Contact Number</u> | <u>Email Address</u> |
|------------------------------|-----------------------|----------------------|
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The wiring instructions for disbursements pursuant to Section A.10 of the Third Party Co-Investment of Pension Plan Assets Agreement between TCRS and Political Subdivision are:

Date Effective

(Signature of Authorized Officer)

(Printed Name and Titled)

ATTACHMENT 1 (Continued)**AUTHORIZED PERSONS FOR TCRS**

Pursuant to Section A.11 of the Third Party Co-Investment of Pension Plan Assets Agreement between TCRS and Political Subdivision, TCRS has outlined below the individuals authorized to provide written and oral instructions, and receive written and oral communications related to any and all securities and investment activities:

| <u>Authorized Individual</u> | <u>Contact Number</u> | <u>Email Address</u> |
|--|-----------------------|--------------------------|
| Michael Brakebill, Chief Investment Officer | 615-532-1157 | michael.brakebill@tn.gov |
| Derrick Dagnan, Deputy Chief Investment Officer | 615-532-1152 | derrick.dagnan@tn.gov |
| Tim McClure, Assistant Chief Investment Officer/State Cash | 615-532-1166 | tim.mcclure@tn.gov |

Pursuant to Section A.11 of the Third Party Co-Investment of Pension Plan Assets Agreement between TCRS and Political Subdivision, TCRS has outlined below the individuals authorized to provide written and oral instructions, and receive written and oral communications related to all accounting activities:

| <u>Authorized Individual</u> | <u>Contact Number</u> | <u>Email Address</u> |
|--|-----------------------|------------------------|
| Kim Morrow, Director of Accounting | 615-532-3840 | Kimberly.morrow@tn.gov |
| Brian Derrick, Deputy Director of Accounting | 615-532-8051 | Brian.derrick@tn.gov |
| Cassandra Esaka, Investment Accounting Manager | 615-532-8047 | Cassandra.esaka@tn.gov |

 Date Effective

 David H. Lillard, Jr., State Treasurer &
 Chair of the Board of Trustees of the
 Tennessee Consolidated Retirement System

