Graystone Consulting
from Morgan Stanley

Response to Request for Proposal for:

City of Ann Arbor Employees' Retirement System & Retiree Health Care Benefit Plan & Trust

Investment Consulting & Custodian Services

Graystone Consulting | July 31, 2025

Graystone Consulting
101 West Big Beaver Rd, Ste 1200
Troy, MI 48084

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Letter of Transmittal

July 31, 2025

City of Ann Arbor Employees' Retirement System & Retiree Health Care Board
Attn: Board of Trustees
532 S. Maple Road
Ann Arbor, MI 48103

On behalf of Graystone Consulting, we appreciate this opportunity to respond to the City of Ann Arbor Employees' Retirement System & Retiree Health Care Board Request for Proposal for investment consulting services. Graystone Consulting offers a long legacy of delivering objective fiduciary solutions to institutional investors providing our clients with the benefits of comprehensive research, cost effective access to top institutional investment managers, sophisticated consulting tools, and industry–leading performance analytics. As one of the largest consulting firms of its kind associated with a large financial services provider, we will draw upon our deep understanding of the municipal arena to surround you with advice that delivers the type of results that are needed in this challenging environment.

Our consulting practice is defined by a philosophy that seeks to reach beyond investments and help our clients ultimately redefine success, manage risk and focus on the real result – their goals. We maintain our strong commitment to full objectivity and independence and will not utilize Morgan Stanley proprietary investment products. This ensures that we are always working side-by-side with our clients and their committees.

**Government entity clients custodied at MSSB utilize one of two money market funds managed by an affiliated investment manager which serve as the account cash sweep vehicle may receive investment management fees. Please refer to the firm's Descriptive Brochure (Form ADV).*

A Deep Focus on Your Goals

A strong benefit of our multi-disciplined consulting approach is our ability to help the City of Ann Arbor Employees' Retirement System & Retiree Health Care Plans make informed decisions. Graystone's deep understanding of Plan rules and capital markets allows us to engage our clients in compelling discussions on using a full array of risk management tools.

Key Takeaways

As you review our proposal, we believe that there are several areas in which we can bring significant value to your future decision-making:

- **Objective Consulting Framework** – Graystone Consulting's investment consulting approach is structured to provide unbiased, objective advice and guidance. One of the only independent consulting firms of its kind to be associated with a large financial services provider, Graystone Consulting was formed more than four decades ago as a consulting business unit of Morgan Stanley to address the complexities facing trustees, investment committees and staff. As a matter of policy, we exclusively recommend outside investment managers and do not manage any of the assets directly, ensuring that the Plan's interests always come first.

- **Cost Savings and Fee Transparency** – We add significant value to client programs by seeking out high- conviction, specialist managers and leveraging our size and scale to drive down investment manager costs and pass those savings on to clients whenever possible. This allows our clients to fully leverage the benefit and efficiencies of cost-effective direct access to the best managers in every asset class through separate accounts held in their own name. Importantly, the City of Ann Arbor Employees' Retirement System & Retiree Health Care Plan will benefit from a clear and highly transparent fee structure which will allow you to fully understand the nature of underlying compensation and clearly differentiate between those fees paid for consulting advice, guidance and administrative support, versus those paid to cover underlying manager costs. We believe that our proposal offers you both compelling cost savings and greater transparency than your traditional consulting arrangements.

- **Flexible Consulting Support** – For many clients, our ability to extend our role beyond investment consulting to help them with implementation and ongoing management is a key differentiator, and separates us from traditional consulting-only firms. Regardless of whether clients choose to have us assist them with implementation, we are skilled with facilitating effective frameworks for decision-making, and can be responsive for clients who want us to assume greater levels of accountability. In such cases, our clients have the confidence that, unlike many providers of more traditional investment advisory services, we have the ability to stand in a full co-fiduciary relationship with our clients and are required by law to observe the highest standard of care on your behalf.

On behalf of the entire Graystone Consulting team, we thank you once again for your consideration and look forward to meeting with you to discuss our capabilities.

Sincerely,

John Krakowiak	**Amy Cole**	**Erik Burger**
Institutional Consulting Director	Institutional Consultant	Financial Advisor
101 West Big Beaver Rd.	101 West Big Beaver Rd.	101 West Big Beaver Rd.
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Exceptions:

FA team's prohibition on providing Legal advice, especially regarding drafting, amending, or advising on terms or conditions of an Investment Policy Statement ("IPS"). Client to consult with its own Legal counsel regarding any statutory requirements for IPS, including statutory restrictions on permissible investments. (Page 6 under Scope of Services number 1)

MSSB cannot provide legal advice but will monitor compliance with the terms of the IPS. MSSB expects the IPS will be updated with limitations from the 314 Act with advice from the county's legal counsel. (page 6 under Scope of Services number 7)

MSSB cannot comply with the City's requirement that any information submitted will be interpreted as an agreement to all provisions in and requirements of the RFP. (page 11 under Other Requirements part 3.)

MSSB will provide GASB compliant reporting in a timely manner. Morgan Stanley partners with Clearwater Analytics to provide reporting for the County. Clearwater will be used as a subcontractor.

Custody at Morgan Stanley, if desired is subject to Legal Review.

Our submission is contingent on our right to negotiate the terms of a mutually acceptable agreement that aligns with the services we provide and our policies and procedures.

ORGANIZATION BACKGROUND

1. How long has your company been in existence?

Founded in 1935, Morgan Stanley (NYSE: MS) is a leading global financial services firm providing a wide range of investment banking, securities, investment management, and wealth management services. The Firm's 80,000+ employees serve clients worldwide including corporations, governments, institutions, and individuals from more than 1,200 offices in 42 countries. For additional information about Morgan Stanley, please visit www.morganstanley.com.

Graystone Consulting is a business of Morgan Stanley and has been consulting to qualified retirement plans since its inception in 1973. The City of Ann Arbor Employees' Retirement System & Retiree Health Care Benefit Plan & Trust's proposed service team has been providing consulting services to Defined Benefit plans and Defined Contribution plans since the 1990's.

2. Is your organization a subsidiary, parent, or affiliate of any other firm? If so, please describe in detail. Also, do any of these affiliates provide any other retirement fund services such as investment management, actuarial work, etc.? If you provide more than one service, how do you protect against conflicts of interest? Have you ever included your own firm, affiliate or sponsored investment vehicle in a manager search you are conducting?

Graystone Consulting is a business of Morgan Stanley Smith Barney LLC (MSSB), which is a wholly owned indirect subsidiary of Morgan Stanley Domestic Holdings, LLC.

Graystone Consulting is a leading national investment consulting business, serving institutional investors since 1973. Our services and advice have always centered on the needs of fiduciary clients. Known as "Consulting Group

Institutional Services," and then "Citi Institutional Consulting," we joined Morgan Stanley in 2009. We renamed as Graystone Consulting after the formation of Morgan Stanley Smith Barney LLC, a joint venture between Morgan Stanley and Citigroup. Morgan Stanley & Co. bought Citi's 35% interest in Morgan Stanley Smith Barney in 2013.

Morgan Stanley Smith Barney LLC (is a registered investment adviser (File No. 801-70103) with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. We offer more than 130 years of investment experience under a single corporate umbrella. Morgan Stanley Wealth Management provides an array of products and services to individuals and businesses. Our institutional services include brokerage and investment advisory services, financial and wealth planning, banking and lending, cash management, annuities and insurance, retirement and trust services.

Graystone Consulting offers a complete range of investment consulting services to non-profit and pension clients. Our typical clients are mid-sized institutions with assets between $25 million and $2 billion. Our professional services and company structure deliver comprehensive, personalized investment and back-office services to this client segment.

Graystone Consulting maintains strict policies in an effort to avoid conflicts of interest.

- Top priority is the success of the clients we serve
- Recommendation or selection of managers is based on stringent obligation to act as fiduciaries
- Over 750 compliance, legal, and risk professionals help support rigorous oversight and reinforce that we put the interests of our client first
- "Code of Conduct" and "Code of Ethics" policies apply at both the firm and employee level
- Leveraging size and scale to help drive down investment manager costs, which may result in significant cost savings for our clients.

Our business is designed specifically to help avoid any conflicts as demonstrated in the following policies:

<u>Graystone Consulting does NOT:</u>

- Receive any compensation from investment/money managers.
- Accept payment of client advisory fees through soft-dollar or directed-brokerage arrangements
- Charge, solicit or accept any fees from investment managers to be included in our database
- Recommend managers affiliated with our firm; absent of a specific discussion with the client

**Government entity clients custodied at MSSB utilize one of two money market funds managed by an affiliated investment manager which serve as the account cash sweep vehicle may receive investment management fees. Please refer to the firm's Descriptive Brochure (Form ADV)*

3. What is the number of full time employees in your firm? What is the location of your office in relation to Ann Arbor, Michigan? Provide a breakdown by classification (consultant, managerial, clerical, etc.) for both your national and local operation. If more than one office, how are consultants apprised of developments in the investment arena?

In total, Morgan Stanley employs over 80,000 employees in 42 countries as of December 31, 2024, serving clients worldwide and a network of over 16,000 Financial Advisors in the U.S. Graystone Consulting addresses each client's specific investment needs and preferences locally and individually with access to Morgan Stanley's Wealth

Management's investment manager analysis, which covers over 5,100 non-proprietary strategies as of March 2025. You also have access to the deep resources of Morgan Stanley, including research, capital market insights, macroeconomics and thought leadership.

Due to the entrepreneurial nature of Graystone Consulting, our turnover historically has been and continues to be very low. Our innovative spirit is a key ingredient that will continue to promote long-term service and growth.

Unlike some other consulting firms, Graystone does not reassign consultants; the same professionals who will attend the finals presentation will be the same individuals who ultimately perform the consulting work.

The Troy Graystone Team is located in Troy, MI and is comprised of 4 Financial Advisors, 1 Analyst and 2 Assistants.

4. Please submit biographical profiles on the individual(s) who will be assigned to our account. Also, where are these individuals located? Who will attend review meetings?

John Krakowiak, Senior Vice President and Institutional Consulting Director, has worked in finance and investments for more than 20 years and presently serves as an Institutional Consulting Director within Morgan Stanley's Graystone Consulting Group. Currently, John assists institutional plans across the state of Michigan including Single Employer ERISA, Taft-Hartley and Public defined benefit and defined contribution plans. John serves as the lead consultant on plans totaling approximately $8 billion in assets as of 12/31/2023 and focuses primarily in the areas of asset allocation (including liability driven investing) and manager selection. John is a graduate of the University of Michigan with an M.B.A. (concentrations in Finance and Accounting), along with an M.S. and B.S. in Electrical Engineering. John is located in the Troy, MI office.

Amy Cole is a Senior Institutional Consultant and Alternative Investments Director with Morgan Stanley; consulting to municipalities, Taft-Hartley plans, private companies and community foundations. Drawing from over 29 years of working in the financial services industry, she brings a unique perspective to helping clients achieve their goals.

Amy's responsibilities include consulting on investment management, risk management, plan sponsor's fiduciary responsibilities and trustee education. She spent the first part of her career as a Senior Divisional Analyst, one of four in the country, working with institutional clients and consultants in the areas of asset allocation, manager research, due diligence and attribution.

Amy obtained the Certified Investment Management Analyst® designation from the Wharton School of the University of Pennsylvania in 2003 and has been a member of the Investment & Wealth Institute (IWI) for over 20 years. She is also a member of the Michigan Association of Public Employee Retirement Systems.

Amy is deeply involved with her community, serving as a Board Member for the Orion Art Center and volunteering for other local non-profits. She graduated Magna Cum Laude from Hillsdale College with a Bachelor of Arts in International Business and Foreign Language and a minor in Art. She was also a member of the Hillsdale College Women's Softball Team and the Chi Omega Sorority.

Erik Burger is a Financial Advisor at Morgan Stanley who joined Morgan Stanley in 2014 as an Institutional Consulting Analyst for Graystone Consulting, a business of Morgan Stanley. He received his Bachelor of Arts in Hospitality Business Management from Michigan State University and a Master of Science in Finance degree from Walsh College. His licenses include the Series 7, Series 66, Life & Health, Annuities and Long-Term Care. Erik's primary responsibilities include helping individuals, families and small businesses prepare and stay organized in order to achieve their financial goals and position themselves for a successful future. His primary areas of focus are in retirement, estate, college and long-term care planning, budgeting, debt management and portfolio construction.

Erik also has a strong background providing advice and support for over 30 institutional clients inclusive of various defined benefit plans, defined contribution plans, endowments and foundations. His primary responsibilities with his institutional clients include: participant education, investment performance measurement, analysis, monitoring, reporting, and performance attribution; Asset Allocation Studies; Manager Style Analyses; Manager Searches; Fund Selection; Investment Policy Statements review; along with other statistical analyses and research projects.

Erik currently resides in Macomb Township with his wife, 3 children and dog. Erik grew up in Sterling Heights and is a proud alumni of De La Salle Collegiate High School in Warren where he played varsity hockey for 3 years. He and his wife both attended Michigan State University where they met and later married in 2017. They had their first-born, Luke, in December of 2019, Madison, in July 2022, and Olivia, in September 2024. In his free time, Erik enjoys spending time with his family and friends, golf, hockey, being on the water and attending sporting events.

John, Amy and Erik are located in Troy, MI. At least one team member will attend review meetings.

5. How many investment professionals have left your company in the last three (3) years? How many support staff have left your company in the last three (3) years? Be specific as to experience, performance measurement, manager search, investment policy consulting.

Due to the entrepreneurial nature of Graystone Consulting, our turnover historically has been and continues to be very low. Our innovative spirit is a key ingredient that will continue to promote long-term service and growth. Over the past 3 years, no members of the Troy Graystone team, consultant or support staff, has left the company.

6. How many accounts/clients have you gained in the last 3 years? How many accounts have you lost in the last three (3) years and why?

Over the past 3 years, our team has gained 7 new clients. None of the consultants proposed for this engagement have lost any public fund clients where they served as lead consultant. That said, within the last 3 years, 1 Michigan public fund client left Morgan Stanley.

7. Please explain size, composition, and source of your performance measurement data base. What indices are used for relative comparisons? Were your software systems developed entirely in-house or purchased from outside sources? If you do not maintain databases, whose database do you use?

Graystone Consulting supplies customized monthly and or quarterly performance reports that leverage a sophisticated, proprietary, software program that ties together the data sources available through Morgan Stanley. The result is a single, integrated reporting platform that is a flexible and comprehensive system for maintaining and reporting information on the aggregate portfolio level, the individual account or manager level and market indices. Institutional clients have access to **PARis (Performance Analysis & Reporting Information System)**: A fully integrated, turnkey investment analytics platform that delivers performance measurement, risk attribution and streamlined, customized presentation-quality reports.

On a monthly and/or quarterly basis, we will provide an executive summary performance-reporting package for review by the Board/Investment Committee that will be fully customized to your needs and desires. The summary report will focus on providing succinct and relevant information that is needed to fulfill its fiduciary obligation to monitor investment performance relative to the established investment objectives. The report will illustrate time-weighted rates of return for each manager and the aggregate accounts.

Some of the important features of PARis are:

- Managing client investment accounts, including accounting data, performance, holdings and other attributes.
- Managing plan history for clients. PARis uses plan images in composite accounting and non-accounting based calculations, as well as plan target analysis.
- Managing benchmark data. Varied sources provide index data for performance and holdings. PARis can generate custom benchmarks by combining indices or accounts using returns-based hybrids.
- Creating and managing custom report templates. PARis generates a client-specific book, which includes section pages, varied page numbering schemes and non-PARis generated analytics, such as those provided by other software tools.
- Performing an integrated, holdings-based analysis and returns-based analysis.
- Performing a peer group analysis that compares client accounts within standardized peer groups. Peer groups include separate accounts, commingled funds, mutual funds, hedge funds, and recently added plan sponsors. PARis can also generate custom peer groups from standard peer groups (such as Taft-Hartley), other custom peer groups or client accounts.
- Modifying and adding modules using industry standard tools such as Visual Basic, C++ and SQL Server.

All performance monitoring and evaluation will be conducted by the analysts on staff in Troy, who have many years of combined experience in public pension plans with a wide variety of asset classes and styles of investment managers. As part of the monitoring process, you can expect an analysis of each manager and the combined fund compared against appropriate benchmarks, which may be customized blends as needed. In addition, each quarter we can provide portfolio attribution and a thorough comparison of current and target asset allocations. In addition, universe comparisons, returns-based style analysis, various risk-return analyses can be presented. The analysts have many tools at their disposal, from, for example, eVestment Alliance, Frontier Analytics, Morningstar and CDA Wiesenberger, Russell Universes, Vestek, and Zephyr Style Advisor.

On a quarterly basis, we will provide a summary performance report for review by each Board member. The purpose of the summary report is to provide the Board of Trustees with the information needed to fulfill its fiduciary obligation and to assist them in monitoring investment performance relative to the established objectives. The report will illustrate time-weighted rates of return for each manager and the aggregate accounts.

The performance reports are custom-designed to the needs and objectives of each client. The variety of custom reports our clients receive demonstrates our ability to provide reporting for quarterly reviews with practically unlimited flexibility.

From our database of market indices, we can create specific benchmarks against which to measure progress toward your investment objectives. While we focus on long-term performance, our reports illustrate both short and long-term performance. Typically, we will compare the performance of the aggregate funds and each manager against the defined benchmarks for the current quarter, fiscal year to date, trailing one year, and since inception. Of course, the summary report is completely flexible, and can be modified to include any benchmark, client fund, or time period desired.

Above measuring investment objective progress, your summary reports are designed to evaluate investment performance with regard to security selection and asset allocation. Using custom-made passive benchmarks (preferred asset mix index) and dynamic benchmarks (allocation composite index), our summary reports can help determine the value added through security selection decisions and asset allocation decisions.

Other graphic and/or tabular report exhibits in our summary and investment performance reports may include, but are not limited to: dollar weighted rates of return; quarterly historical asset allocation review; reconciliation of income earnings and principal earnings, on both a dollar basis and a rate of return basis; risk/return analysis; indexed asset growth (commonly referred to as "growth of $100"); dollar value-indexed asset growth; turnover statistics; monthly, quarterly, annual, and trailing twelve month time weighted rates of return; various methods of risk-adjusted returns, including Sharpe Ratios; and quarterly/annual capital markets review and regression and variability analyses. Other exhibits are available upon request.

In addition to the investment performance reports, Graystone Consulting can provide a portfolio analysis report. This report lists each of the portfolio's holdings and displays various fundamental characteristics for each security and for the entire portfolio. The characteristics for equity portfolios typically include, but are not limited to: equity capital; total assets; sales; beta; growth of sales, EPS, and dividends; payout ratio and dividend yield; debt to equity ratio; profit margin; return on assets, capital, and equity; P/E ratio; price/book ratio; and security weightings within the total portfolio.

The characteristics for fixed income portfolios typically include, but are not limited to: coupon; quality rating; yield, yield to maturity, and yield to call; duration; convexity; amount outstanding; and accrued interest.

The portfolio analysis report will be prepared for each investment manager or fund, as well as the aggregate portfolio. Of course, we can customize the report format to meet your reporting needs. The purpose of this report is to evaluate the degree to which an investment manager invests according to the stated investment discipline. Graystone Consulting will provide this report on a quarterly basis, creating an historical record of the investment manager's adherence to discipline. This will help you fulfill your fiduciary obligation to monitor the consistent implementation of your manager's investment philosophy.

We can also provide an advanced portfolio attribution report. Whereas the quarterly investment performance report is more objectives-oriented, the attribution report is a pure analytical tool, helpful in determining how the investment manager achieved the results. Essentially, this report answers the question, "What investment decisions have positively (or negatively) impacted performance?"

In evaluating equity performance, the attribution report illustrates the value added through: stock-selection, for the aggregate portfolio, by economic sector, and/or by individual security; style specific factors; sector rotation; and Active Style Allocation. Fixed income portfolios are analyzed for value added through: security selection; sector selection; and maturity and duration decisions.

8. What public funds experience do you have? Provide a list of all public pension fund and retiree health care fund clients under contract to date. Please provide a minimum of 3 references by name of client, type of client, contact person, address and telephone number.

Due to confidentiality purposes, we are unable to provide a full list of clients under contract. However, the individuals proposed for this account serve as lead or co-lead on 23 public pension/retiree health care relationships (20 Michigan public fund plans) totaling more than $2.3 billion in assets as of 12/31/24.

Please see 5 references below that have granted us permission to use their names.

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City of Southgate
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City of Romulus
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Romulus, MI 48174

9. Why is your firm uniquely qualified to service our account?

- **Industry Leadership**. Graystone Consulting has advised institutional clients on all aspects of investment management and planning for over 40 years. We offer the best combination of a boutique firm backed by the deep resources of Morgan Stanley, one of the world's preeminent financial services firms.
- **Technology and Cybersecurity Resources.** We have committed significant resources to performance-measurement, due diligence-related technology and cyber security. Our technology-related services are impressive, and our goal is to do whatever it takes to remain a technology leader for our clients. Safeguarding your assets and personal information is a top priority. We have invested significant resources in technology and cybersecurity initiatives and have grown a large team of professionals with industry leading expertise in this area.
- **Spending and Liquidity Planning.** Our asset allocation recommendations are driven by spending policy. We take risk management liquidity planning very seriously so that our clients are not forced to liquidate funds at inopportune times in challenging market environments.
- **Investment Manager Due Diligence.** Our Global Investment Manager Analysis team is one of the most rigorous in the industry. Over 70 professionals analyze more than 5,100 managed accounts, mutual funds, exchange-traded funds and limited partnerships, in both traditional and alternative strategies.
- **Size and Scale.** Many investment managers would like to join our advisory programs platform, given our size and strength. Investment managers are usually willing to undergo our extensive due diligence process, which is a significant commitment on their part. Not all investment managers are open to sharing such detailed information, but our position in the financial services industry allows us to open many doors for our clients
- **Experience with Public Funds.** Deep experience in providing customizable solutions for our Public Fund clients. We currently serve as Consultant to 20 Public Fund clients in Michigan and are intimately familiar with the challenges in this client segment.

- **Leadership from your Graystone Team.** Client service should go beyond a “relationship manager.” Graystone-Troy is a team of experienced financial professionals with deep knowledge of institutional consulting. We are based locally to provide guidance, ongoing support and concierge-level client service.

10. Please describe your record retention policy and your systems backup process.

Morgan Stanley maintains a record retention policy that complies with applicable regulatory and operational requirements.

11. Please disclose formal or informal business relationships with investment managers or other service providers to pension trust funds.

Graystone Consulting is not aware of any current or legacy, business relationships with the Funds’ current investment managers or service providers. To the extent Morgan Stanley or its affiliates have such relationships with service providers, it would have no relationship to this RFP.

Graystone Consulting is not aware of any business relationships with the City of Ann Arbor Employees’ Retirement System and/or Retiree Health Care Benefit Plan & Trust.

12. Please describe the transition process when taking on a new client. Please discuss computer systems and data issues.

The Graystone Consulting service team will lead the transition process, collaborating with all relevant parties within our firm and the City of Ann Arbor trustees to ensure a simple and seamless transition experience. We believe that the most successful way to transition is to create a team dedicated to the onboarding process.

During this time, we will carefully assess your current investment policy statement, legacy investment portfolio, and legacy manager roster in order to make near-term implementation recommendations. In addition, we are able to incorporate your legacy performance data into our reporting systems, which may allow for the reporting of an uninterrupted track record.

When onboarding a new client relationship we build a dedicated team that includes the lead Graystone Consulting advisors, client service associates, the lead reporting analyst and the head of operations. The goal of the onboarding team is to answer client questions, gather information, establish expectations and create a timeline. The onboarding process may take up to six to eight weeks depending on the complexity of the relationship, and may include contract negotiation, custody agreements, historical reporting, account opening and asset transfers (if necessary), document and signature gathering, etc. In addition, some clients prefer to transition following any investment policy amendments, asset allocation studies and manager recommendations in order to reduce the administrative burden.

We evaluate the existing positions versus our highest conviction strategies. In cases where an existing position is covered by our manager due diligence team, and the team has a favorable opinion, we may continue to hold the position. However, in cases where we believe we may be able make a significant improvement to a higher conviction strategy, we will discuss potential changes. In some cases, we may come across existing positions on which we do not have formal research and due-diligence coverage. In these cases, we may conduct preliminary due-diligence and, if we deem it a compelling strategy, we may seek to hold it and conduct formal, ongoing coverage. In all cases, we will approach the process as a fiduciary with the client’s best interests in mind—both to facilitate the set-up and transfer of the accounts, and to provide monitoring and performance reporting

INVESTMENT POLICY/ASSET ALLOCATION GUIDELINES

1. Provide an outline of the principle steps you would follow when developing a statement of Investment Policy and Objectives. Does your investment policy and asset allocation analysis fully integrate liabilities with assets? How do you interface with the System's actuary?

Graystone Consulting works closely with our clients to help develop an Investment Policy Statement that is consistent with their guidelines and goals. We usually give clients a questionnaire to help members develop a consensus of the long-term economic climate, their income needs, the desired asset allocation and diversification, perceived risk tolerances, policy constraints and other considerations. From that consensus, we develop an overall risk tolerance for the portfolio.

The policy constraints play an integral role in creating the investment policy and implementing the investment strategy. Graystone Consulting will evaluate constraints such as limitations or exclusions of securities, asset classes, investment styles or particular investment vehicles.

The next step is to review the client's investment objectives (e.g., the portfolio's needs for liquidity, income, growth and capital preservation). The investment strategy needs a benchmark against which you can measure results. To that end, we can create a performance benchmark for the aggregate portfolio, as well as for the individual managers or products within the portfolio.

We periodically review the portfolio and suggest possible modifications to the asset allocation, manager selection or the investment policy itself. However, the client always makes the decision to enact any changes to the Investment Policy Statement.

2. How many meetings would be required with the Retirement Board? Who would attend from your firm and who else would be involved?

At a minimum, one of our Consultants, John Krakowiak, Amy Cole, and/or Erik Burger, will meet with you quarterly to review your investment performance and set strategic priorities for the coming quarter and year. Some clients warrant greater meeting frequency if prompted by strategic project work, in which case we can adjust and meet more often.

3. Provide an outline of the issues and items that would be covered in a typical policy statement.

Graystone Consulting adheres to the following process to assist clients with the development of an Investment Policy Statement:

CONDUCTING A NEEDS ANALYSIS

Conducting needs analysis includes a review of these and other important considerations.

- Mission and objectives
- Time horizon
- Risk tolerance
- Asset/liability structure, cash flow analysis
- Desired fund surpluses and reserves
- Spending policy
- Tax analysis for family offices

- Fiduciary and documentation review

CREATING ASSET ALLOCATION OBJECTIVES

Graystone Consulting begins every relationship with an objective assessment of the client's current investment needs and future goals. This analysis leads to detailed asset allocation recommendations that seek to improve returns, reduce risks and eliminate unnecessary expenses.

Some of the critical factors examined include:

- Rates of return the client expects to achieve (both in absolute terms and relative to appropriate benchmarks)
- Amount of risk the client is willing to assume in pursuit of its investment objectives.
- Specific asset allocation strategy adopted and the amount allocated to stocks, bonds, and, where appropriate, alternative investments (e.g., funds-of-hedge-funds, private equity, real estate, etc.)
- Client's prior investment strategies and limitations

Once the client's investment objectives have been discussed and an appropriate strategy formulated, Graystone Consulting assists the client in drafting and adopting a written Investment Policy Statement. The Investment Policy Statement defines the duties of all parties' involved with the plan's investment program. It also details the plan's risk and return targets, describes portfolio constraints, and outlines the selection and termination criteria used for investment managers. We always encourage clients to consult with their legal counsel regarding any statutory requirements for IPS, including statutory restrictions on permissible investments.

4. What is your approach to development of asset allocation guidelines? Please describe this process in detail, including application of major variables (e.g. – risk tolerance, emerging liabilities, etc.).

Morgan Stanley's Global Investment Committee created and regularly updates five asset allocation models which guide our asset allocation decisions. These models link directly to five distinct investment objectives: 1) wealth conservation; 2) income; 3) balanced growth; 4) market growth; and 5) opportunistic growth.

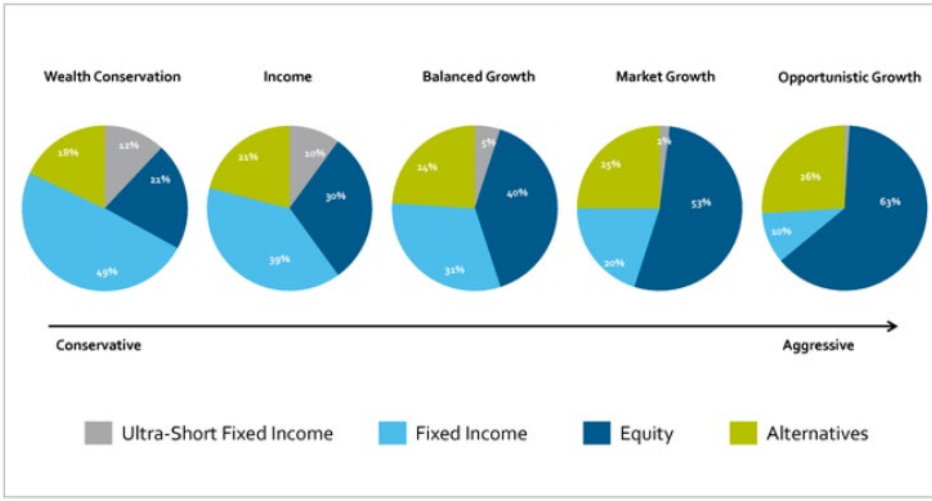
The models target measurable levels of risk. Models with wider, clearly defined risk parameters allow the GIC to more effectively size and differentiate our investment recommendations.

The strategic allocation is a blend of broad asset classes to seek the highest return over the long term—for a given level of risk tolerance.

Foundational Inputs

Access to asset allocation advice from GIC, a group of leading thinkers who meet regularly to discuss the global economy and markets, is a key advantage of being a Morgan Stanley client. The GIC consists of seven top investment professional who provide direction on investment strategy, set asset allocation recommendations and portfolio weightings, and provide compelling tactical asset class investment ideas for client portfolios. The Committee's views are expressed in five goals-based models:

Our Strategic Asset Allocation Models Based on Client's Goals



Source: Morgan Stanley Wealth Management GIC. Allocations as of the strategic allocation update on March 31, 2022.
Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

The GIC also suggests tactical allocations – using the strategic allocations as a base – that seek to maximize risk-adjusted returns over a shorter time.

Our Global Investment Committee recognizes four major asset classes at the macro level:

1) Global Cash; 2) Global Equities; 3) Global Fixed Income; and 4) Global Alternatives. We further divide these broad asset classes into approximately 25 sectors. At the most granular level, we identify approximately 80 sub-sectors. Annually, the GIC models capital market assumptions for each asset class, sector and sub-sector and monitors each for potential tactical trading opportunities.

The GIC forecasts "fair value" returns for each asset class based on a "building block" approach, in which we combine premiums for different forms of risk. Our goal is to "build up" overall return expectations. We call these "fair value" returns because we base them on estimates of very long-term data, and they represent sustainable returns around which asset prices tend to oscillate over time. These values represent the returns we anticipate would prevail over several market cycles (defined as a minimum of 20 years).

The approach reflects fundamental economic principles as well as empirical relationships that have prevailed over long periods of time. We estimate the building blocks as follows:

- **Real Potential Economic Growth** = Forecast Change in Working Age Population x Forecast Productivity Growth.
- **Real Cash Return** = Real GDP Growth – Cyclically-Adjusted Difference Between Real Cash Rates and Real GDP Growth.
- **Real Government Bond Return** = Real Cash Return + Forecast Term Premium (i.e. 10-year US Treasury yield – three-month US Treasury bill yield).
- **Real Equity Return** = Real Government Bond Return + Equity Risk Premium.
- **Nominal Equity Return** = Real Equity Return + Expected Inflation.

We derive the forecast term premium from the historical average term premium, adjusted for current government debt dynamics and the level of short-term interest rates. We derive the forecast equity risk premium based on the average additional yield (over and above the 10-year Treasury yields) that is required to price equities as the market prices them, assuming historical earnings growth and payout ratios (dividends and stock buybacks) prevail.

Once we establish these long-term fair-value returns, we generate a second set of returns to cover a single market cycle (seven years), based on historical averages.

We assume a horizon return calculation where market conditions, such as interest rates, credit spreads, and equity valuations, transition from current levels to estimated fair-value levels over the horizon. This transition affects changes to the investment pricing as well as the rate of return on reinvestment, both of which must be considered in the context of a total period return.

5. What asset classes are included in your work? What asset classes are not included and why?

Our Global Investment Committee (GIC) analyzes historical market data, economic indicators and other factors to build long term projections of risk and return for a variety of asset classes.

Below is a partial list of the asset classes that the GIC actively follows includes:

Asset Classes Directory			
Global Equities	**Global Fixed Income**	**Global Alternative Investments**	**Global Cash**
United States Equity	**Short Term Fixed Income**	**Real Assets**	**Ultra Short Term Fixed Income**
United States Large	**US Fixed Income Taxable**	REITs	
Growth	US Taxable Core	Commodities	
Value	**International Fixed Income**	Master Ltd Partnerships	
United States Mid	International Core Fixed Income	Precious Metals	
Growth	**Inflation Linked Securities**	**Absolute Return Assets**	
Value	**High Yield Fixed Income**	Equity Market neutral	
United States Small	**Emerging Market Fixed Income**	Relative Value	
Growth		Credit Long/Short	
Value		Absolute Return Assets-Other	
International Equity		**Equity Hedge Assets**	
Canada		Global Macro	
Europe		Managed Futures	
Japan		Hedged Fund of Funds	
Asia Pacific ex Japan		Multi-Strategy	
International Small Cap		Equity Hedge Assets-Other	
Emerging Markets		**Equity Return Assets**	

Equity Long/Short
Event Driven/Credit
Emerging Markets
Equity Return Assets-Other
Opportunistic Assets
Private Real Estate
Private Equity

The GIC has expanded its coverage to include various types of alternative investments (i.e., managed futures, hedge funds, private equity, real estate). This offers a source of extra diversification for investors who meet the qualifications for these vehicles.

The GIC develops assumptions for many global asset classes and sub-asset classes, based on our clients' needs. They also research and model new asset classes as necessary. We will review and examine all asset classes to determine which are the most appropriate to meet the City of Ann Arbor's goals.

6. What geographic areas of the world do you consider appropriate for pension asset investments?

There is not one geographic area which we feel is neither appropriate nor inappropriate for pension asset investments. The process of determining how your funds are allocated is based upon the overall asset allocation of the fund which is driven by your goals and objectives and our own capital market assumptions.

Asset allocation analysis is driven by our team who will work together with the deep investment analysis resources at Morgan Stanley. Through a series of in person meetings with the Board of Trustees, we will work with you to validate the return targets and verify the level of risk associated with the current stated policy targets are reasonable and adequate to support the Board's long term goals. It is this process which helps us determine what areas (geographic and beyond) are appropriate for the portfolio.

7. Does your approach include passive strategies such as indexation? If so, please describe.

Our philosophy is that blending active and passive investments can potentially help improve results, as well as manage costs and risk. Therefore, we may use passive strategies within certain asset classes to complement an active manager who takes a higher amount of active risk in pursuing alpha. Depending on a client's needs, we may also use passive strategies to help manage a portfolio's costs.

8. Please describe your firms Asset Liability Modeling (ALM) capabilities and related experience. Describe your interaction with client's actuary in this regard.

We offer considerable experience helping clients with their asset-liability matching needs, which often employ various derivative strategies and liquidity management. We would work closely with your professional actuary to develop asset studies that, based on relevant historical data and projected actuarial assumptions for benefits, can assess the probability of funding the future liabilities using several different investment strategies.

We leverage our consulting relationship with large firms focused on asset-liability modeling and LDI management, such as PIMCO, BlackRock, Legal & General, and Sage to develop customized analyses for our clients.

We can work directly with your actuary to provide the necessary information or communicate through the client, whichever would be your preference. Regardless of the type of plan, our analysis begins by working closely with the actuary to obtain the cash flows streams to help illustrate the unique risk profile of the plan.

INVESTMENT MANAGER SELECTION

1. What is the procedure and criteria you will follow in the selection of new investment managers? And how long might the process take from start to finish?

To the extent that active management is used, we think that manager selection is a critical component. To justify active management fees, and avoid paying these fees simply to replicate index performance, we emphasize managers with high active exposure; but looking different from a benchmark is not enough to ensure success. We select managers with a history of strong relative performance in a variety of market environments, and who have consistent and repeatable investment processes.

Our manager selection approach emphasizes a deep due diligence of investment process and stock selection methodology, in addition to style and market capitalization consistency. We have proprietary quantitative tools like the Adverse Active Alpha^{SM} model which identifies managers who build their portfolios with active share inputs and show their ability to manage against adverse market headwinds.

Our manager selection process identifies high-conviction managers on three levels — Approved, Focus List and Tactical Opportunities. From this work, our due diligence teams build three interlocking lists of approved managers from which our team can select managers for discretionary client programs:

- **Approved List.** The Approved List identifies managers that meet acceptable advisory due-diligence standards. Managers under review have passed a process that examines a variety of factors known to influence manager quality.

- **Focus List.** The Focus List identifies managers in which our analysts have a high degree of confidence. These managers have the potential to outperform the appropriate market benchmark or a respective peer group over the long-term, typically defined as more than three years. The analysts make these determinations following a second, more intensive quantitative and qualitative review process.

- **Tactical Opportunities List**. The Tactical Opportunities List identifies managers from the Approved and Focus Lists that the research team believes may benefit from expected market trends, such as outperformance by a particular asset class, style or factor. These managers have the potential to deliver above-average performance over the short-term, typically defined as less than three years.

We regularly monitor Approved List managers through weekly research meetings to discuss specific market events or manager developments. Risk management teams track monthly returns of all Approved List managers to assess unusual behavior and atypical results relative to expectations, and to determine if a manager’s status should change.

The investment due-diligence teams have quarterly updates with managers to monitor fund positioning and changes. In addition, operational due-diligence teams perform ongoing daily media searches and regulatory checks. They also update the full process on an annual basis.

Manager Selection: Building the Approved List

Once a manager has passed through an initial quantitative screening, the GIMA and AIP teams research more than 5,100 traditional and alternatives managers to produce opinions-based research and evaluation.

- **Personnel.** The credentials and experience of key investment professionals are among any investment management firm’s most important assets. Depth of experience and a history of success weigh heavily in our evaluation.

- **Investment Process.** Investment managers should have a coherent system for generating ideas and constructing portfolios. The latter may include limits on sector or industry exposure, volatility guidelines or other similar constraints.

- **Research Capabilities.** We have no bias for or against any particular research approach; however, we expect each manager to have adequate resources to effectively apply its process.

- **Implementation.** Investment managers should deliver results that are consistent with their clients' stated investment goals.

- **Business Operations.** Clients need a reasonable assurance of the investment firm's commercial viability. Relevant factors may include the trend of assets under management, growth or stability of personnel, legal or regulatory issues, and other business and management results.

The AIP team, which maintains a staff of over 70 investment, quantitative and operational due-diligence specialists, helps with sourcing and recommends alternatives managers when appropriate. The AIP team leverages databases, industry contacts, prime broker introductions, and referrals to identify and source hedge funds, which then proceed through a three-stage approval process.

The team conducts intensive qualitative analysis. This includes onsite visits with investment managers and a review of the manager's risk controls, trading strategy, team experience, and ability to generate unique and sustainable returns.

An operational due diligence team evaluates business risk, infrastructure, culture of compliance and controls, business continuity and the quality of third-party providers. In addition, the team vets each manager's key professionals by performing background searches and corroborating processes and controls. A sub-group with legal expertise reviews fund documentation to identify legal risks and non-standard terms.

Finally, an independent quantitative team conducts a series of reviews to determine how the historical performance record compares to indexes, peer groups and other managers in up and down markets.

Selecting from the Approved List

We use our own quantitative and qualitative analysis to select and size investment managers in its clients' portfolios. To supplement its efforts, the team reviews GIMA and AIP's reports and third-party analysis and due-diligence reports.

In the quantitative analysis, we identify a range of Approved List managers that may fulfill the requested function. They then compute key statistics for each manager, relative to each other and to appropriate benchmarks, to assess a manager's ability to generate value-added and manage risk effectively. Through this process, we answer these questions:

- What returns has the manager generated, both absolute and relative to cash and comparable return streams?

- What are the relevant risks, including volatility, drawdowns and factor exposures, for these streams?

- Is the manager likely to add risk-adjusted value vs. cash and its comparable return streams?

- Has the manager's past success come through riding outsized risk exposures or through intelligent sector and security selection?

- Does the manager provide meaningful diversification relative to other managers in the same asset sector or for the broader portfolio?

- Under what environments does the manager tend to thrive or struggle?

On-going Monitoring and Oversight

After completing the quantitative analysis, the team proceeds with a deeper qualitative assessment of a select group from the original list, relying on GIMA and AIP's reports. Therefore, we only select managers that appear poised to generate attractive risk-adjusted value-added, based on the strength of their repeatable investment processes.

Your Graystone Consultants will terminate managers in the following circumstances:

- Their alpha-generation capabilities deteriorate meaningfully.
- Their investment process falls short of Morgan Stanley's initial understanding.
- Their risk exposures exceed anticipated limits.
- Their operations or personnel have changed in ways that impede the long-term investment process.

The time it takes to recommend a manager varies based on the program needs and product management priorities. Once GIMA decides to review a strategy, it typically takes six to nine months to complete. Once approved by GIMA, the time to add the strategy to the platforms depends on factors relevant to each program (i.e., contracts, trading).

2. How many firms do you track for manager search purposes? How many managers are typically included in final presentations from the total search data base?

Our Global Investment Manager Analysis team is one of the most rigorous in the industry. Over 65 professionals analyze more than 5,100 managed accounts, mutual funds, exchange-traded funds and limited partnerships, in both traditional and alternative strategies.

Depending on the specific asset class the search is being performed on, we typically include 3 – 5 finalists to interview and will work in conjunction with the Board on selecting these finalists. We have no issue including more or less finalists for the interview process.

3. Do the consultants assigned to our account actually interface with prospective managers? Is due diligence performed for all managers offices? If so, please explain your due diligence process. How are consultants apprised with respect to developments about managers?

Yes, the consultants assigned to your account do interface with prospective managers at the manager search and final presentation level. Consultants are frequently meeting with investment managers in order to keep abreast of new investment options offered and review the quality of current and prospective investment managers.

While the consultants do meet with investment managers, interviewing managers is not part of the daily responsibility of the investment consultant. We employ over 65 research analysts whose sole responsibility is to evaluate managers on an on-going basis. This information is distributed to the field via the company Intranet, conference calls with the research staff and through the nationwide LAN on every consultant's desktop. A significant event, either qualitative or quantitative, at an investment manager will trigger further review by the research staff, which will provide an opinion as to the recommendation of analyst.

Our Due Diligence team conducts the first screening of external managers. This team of over 100 analysts and operational risk professionals examines managers and provides qualitative and quantitative assessments for multiple asset classes and strategies.

After reviewing a universe of 24,000 investment strategies, the team's research professionals provide ongoing coverage of more than 5,100 separately managed accounts, mutual funds, exchange-traded funds (ETFs) and limited partnerships in both traditional and alternative strategies. We emphasize a fundamental approach devoted to deep due-diligence of investment process and security selection methodology, in addition to style consistency.

The Manager Due-Diligence team examines past investment performance; however, the manager evaluation process rests heavily on the following five critical qualitative factors:

- **Personnel.** The credentials and experience of key investment professionals are among an investment management firm's most important assets. We heavily weigh depth of experience and a history of success in our evaluation.
- **Implementation.** Investment managers should deliver results to clients that are consistent with their stated investment processes.
- **Investment Process.** Investment managers should have a coherent system to generate ideas and construct portfolios. The latter may include limits on sector or industry exposure, volatility guidelines or other similar constraints.
- **Research Capabilities.** We have no bias for or against any particular research approach; however, we expect each firm to have adequate resources to effectively apply its process.
- **Business Operations.** Clients need a reasonable assurance of an investment firm's commercial viability. Relevant factors may include the trend of assets under management, growth or stability of personnel, and legal or regulatory issues, among other factors.

The Operational Due Diligence Team focuses on a fund's trading controls, valuation procedures, service providers such as auditor, counter-parties, personnel back-ground checks, cash/collateral management, fees and terms, regulatory compliance, and business operations and continuity. The Operational Due Diligence Team conducts monthly reviews of manager communication and performs media searches on underlying managers. Additionally, the team conducts on-site due diligence and reviews audited financial statements. The team also periodically has discussions with fund service providers (auditors, prime brokers, legal counsel and administrators) and refreshes background checks, when necessary.

4. What computer systems do you utilize to help in your manager screening? Which are purchased and which are proprietary?

Morgan Stanley has a proprietary, patented Adverse Active Alpha℠ manager screening and scoring tool. This tool gives us a strong competitive advantage in the field of active equity money manager selection.

Quantitative rankings often fall short in finding successful, active managers. Adverse Active Alpha addresses this shortfall by identifying active managers with strong stock-picking skills and the ability to outperform indexes and peers over time. Although not all active managers will outperform, Adverse Active Alpha points toward managers with characteristics that indicate a greater likelihood of success. Our results show that highly-ranked managers identified by our screening tool outperform their respective benchmarks and peers by a wide margin.

The Adverse Active Alpha℠ manager screening and scoring tool supplements the comprehensive qualitative and quantitative due diligence process that GIMA conducts on all strategies on an ongoing basis.

In 2018, Morgan Stanley introduced an enhanced Adverse Active Alpha methodology (AAA 2.0), which complements the firm's holistic qualitative and quantitative manager due diligence. AAA 2.0 evaluates managers according to quantitative markers of alpha generation, allowing us to rank managers within each asset class by their anticipated risk-adjusted performance. It yields quick takeaways on active managers' prospective value-added potential for the coming three years, with limited year-over-year turnover in the recommendations.

This update extends our patented AAA process, strengthening its consistency and scalability. Its performance-based methodology sharpens the focus on managers' decision-making and mitigates survivorship-bias issues inherent to historical manager data. We expand the inputs to incorporate several measures of performance consistency and use beta-adjusted benchmark returns to provide fair comparisons between managers at varying risk levels. This approach allows us to broaden our scope, covering 12,000-plus managers across the full gamut of equity and fixed income asset classes.

Taken together, we believe that these improvements contribute to maximizing the odds for successful manager selection and portfolio construction, potentially boosting our clients' long-term results.

We also use the Informa database which stores data on thousands of investment managers. This lets us dig deeper once we've narrowed our search to the most compelling investment options.

5. Do you monitor your success in selecting managers? Explain how you measure the level of success of existing managers. Please be specific.

GIMA conducts periodic reviews on the investment managers on our Approved and Focus Lists. These reviews address all the qualitative and quantitative factors that we examine during the initial due diligence. The analyst can raise or lower an investment manager's rating depending on any new developments related to the firm.

Graystone Consultants also review existing investment managers within our clients' portfolios. The measure of success for these managers goes beyond the factors covered in the due diligence. In cases where we have chosen managers from the Focus List or Approved List, Graystone Consulting may review the investment managers relative to the restrictions and guidelines that may be established in the client's Investment Policy Statement. We do this review quarterly. However, the ultimate decision to change investment managers rests with the client.

6. What criteria is used to recommend termination of a manager?

Termination of managers can be caused by underperformance of relative benchmark or significant qualitative (people and process) changes. We have also begun implementation of an underperforming manager policy to eliminate emotion and provide an objective means for evaluation of manager performance. Sample IPS language includes:

The following steps shall be taken with respect to under-performing managers:

1) Fails to out-perform the Benchmark Index; and,
2) Falls below the 50th percentile in their universe; and,
3) Risk adjusted measure that is less than the Benchmark Index

- Watch/Notice- 2 consecutive quarters or 2 out of 3 quarters
- Search is Initiated- 3 consecutive quarters or 3 out of 4 quarters
- Termination- 4 consecutive quarters or 4 out of 6 quarters

Managers will be evaluated by the Under-Performing Criteria after a minimum of eight quarters under management.

Your Graystone Consultants will also terminate managers in the following circumstances:

- Their alpha-generation capabilities deteriorate meaningfully.
- Their investment process falls short of Morgan Stanley's initial understanding.
- Their risk exposures exceed anticipated limits.
- Their operations or personnel have changed in ways that impede the long-term investment process.

7. Do you believe that when a manager is not performing that the consultant who presented this manager also be held accountable? If so, how?

Recommendation of asset classes is determined by historical correlation data in accordance with modern portfolio theory. All asset classes do not "perform" at parallel times; therefore no individual can predict or be held accountable for performance vs. other asset classes. Managers who we recommend to clients ultimately determine our success. Although no guarantees of future success are legal, we believe our research and analysis of investment advisory firms provides the greatest opportunity for strong risk adjusted performance.

PERFORMANCE EVALUATION

1. Specifically describe your performance evaluation system and the philosophy behind it. Is your system proprietary or did you obtain it from another supplier? Can you report gross of fees and net of fees?

Graystone Consulting has committed considerable financial resources to performance measurement and evaluation hardware and software. We use a proprietary system and technology from third parties, and are able to customize reports from the programs offered by these third parties through the programs themselves, as well as through the tenured relationship the firm has with the client support teams servicing these programs.

PARis is a performance monitoring and reporting tool used to compute, track and evaluate investment performance for clients. It has features that make it a comprehensive platform to perform portfolio analytics, what-if scenarios and custom reports to meet clients' requirements. Some of the important features of PARis are:

- Managing client investment accounts, including accounting data, performance, holdings, and other attributes.
- Managing plan history for clients. Plan images are utilized in composite accounting and non-accounting based calculations, as well as plan target analysis.
- Managing benchmark data. Varied sources provide index data in the form of performance as well as holdings. Custom benchmarks can be generated by combining indices or accounts utilizing returns-based hybrids.
- Creating and managing custom report templates. Reporting is automated by the ability to generate a client-specific book, which includes section pages, varied page numbering schemes, and the ability to include non-PARis generated analytics, such as those provided by other software tools.
- Integrating holdings-based analysis.
- Performing returns-based analysis a proprietary Style Analysis tool.
- Peer group analysis that allows client accounts to be compared within standardized peer groups. Peer groups include separate accounts, commingled funds, mutual funds, hedge funds, and recently added plan sponsors. PARis has the ability to generate custom peer groups from standard peer groups, other custom peer groups, or client accounts.

PARis is constructed in-house utilizing industry standard combination of tools consisting of Visual Basic, C++, and SQL Server. This allows PARis to be easily modified and extended with new modules. PARis has been successfully deployed for an external systems client, which required business-specific modifications and custom modules.

PARis allows Graystone Consultants to generate highly customized, comprehensive, and concise performance reports for each account and composite. PARis reports may be produced based on specific needs of the client. The result is a single, integrated reporting system that delivers information to clients at any time. PARis reports cover virtually every aspect of the investment program and include performance results for each manager or for the total aggregate portfolio, an analysis of the overall asset mix, benchmark comparisons, equity portfolio composition, fixed-income portfolio characteristics, risk and return charts, and visual displays of account cash flows and the growth of your assets over time. Each report is carefully organized in a simple, graphical format.

Yes. We can report both gross and net returns in our reports for nearly every asset class in which we follow.

2. How soon following the end of a reporting period can you have copies of evaluation reports to us? How frequently do you recommend performance evaluation reviews?

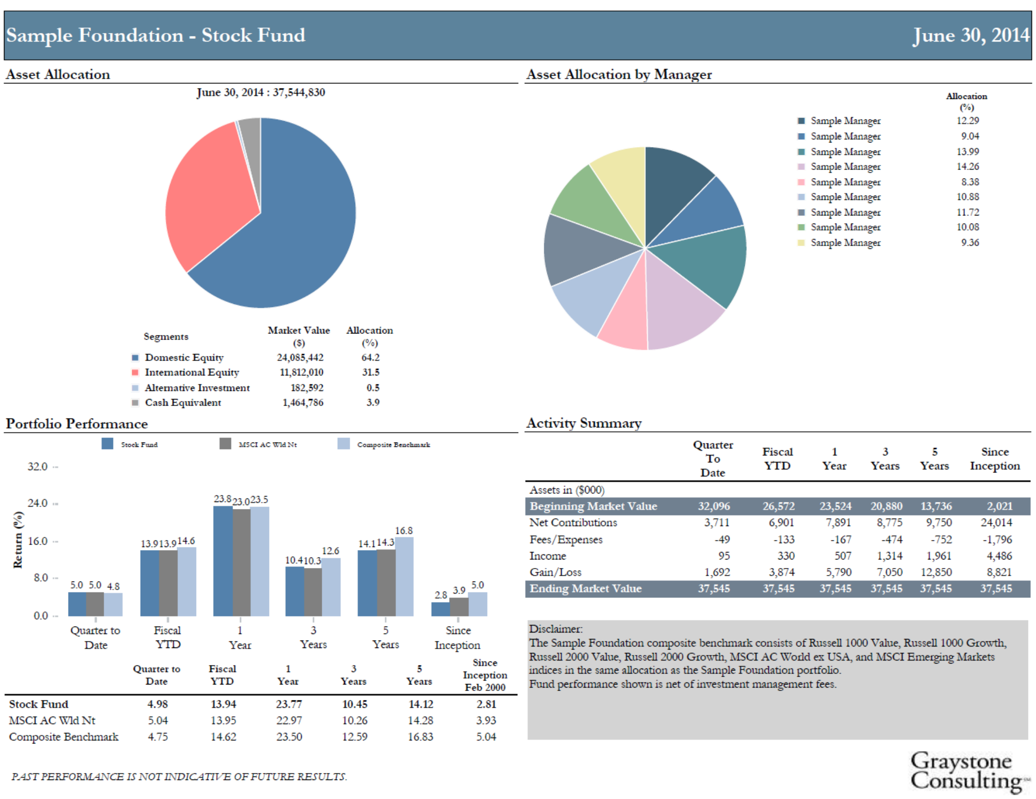
The speed at which we can produce monthly and quarterly reports depends on the receipt of custodial data, as well as where the manager accounts are held in custody. For assets held at Morgan Stanley*, we have immediate access to separate account and mutual fund custodial data and can produce daily reporting for such assets/accounts. For clients that use an outside custodian, we can typically produce monthly reports 15 business days after the month-end, and deliver quarterly reports 25 business days after the quarter-end.

Performance reviews should be done, at a minimum, on a quarterly basis. Graystone Consulting will be flexible in meeting as frequently as needed.

*Custody at Morgan Stanley, if desired is subject to Legal Review.

3. Provide samples of your standard reports. How much variation is available from your standard report?

A sample copy of our performance report is included under the Appendix tab. All reports are customizable to client demands.



Sample Foundation - Stock Fund — June 30, 2014

Asset Allocation

June 30, 2014 : 37,544,830

Segments	Market Value ($)	Allocation (%)
Domestic Equity	24,085,442	64.2
International Equity	11,812,010	31.5
Alternative Investment	182,592	0.5
Cash Equivalent	1,464,786	3.9

Asset Allocation by Manager

	Allocation (%)
Sample Manager	12.29
Sample Manager	9.04
Sample Manager	13.99
Sample Manager	14.26
Sample Manager	8.38
Sample Manager	10.88
Sample Manager	11.72
Sample Manager	10.08
Sample Manager	9.36

Portfolio Performance

	Quarter to Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception Feb 2000
Stock Fund	**4.98**	**13.94**	**23.77**	**10.45**	**14.12**	**2.81**
MSCI AC Wld Nt	5.04	13.95	22.97	10.26	14.28	3.93
Composite Benchmark	4.75	14.62	23.50	12.59	16.83	5.04

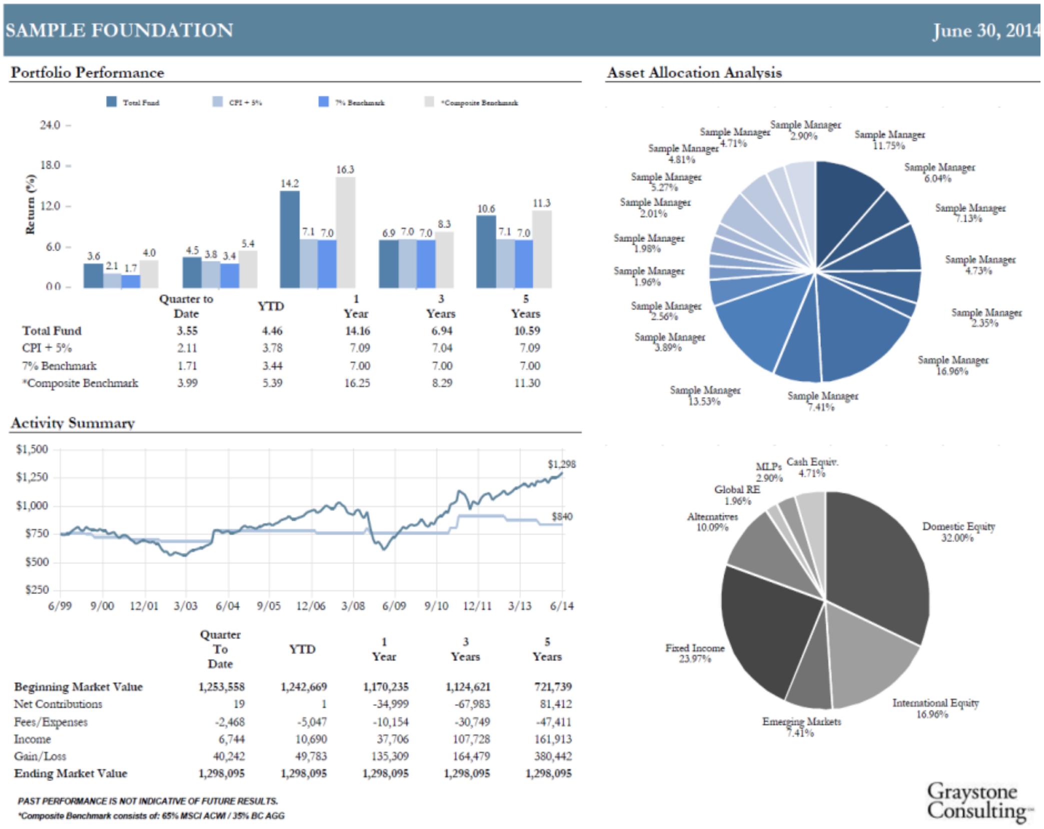
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Activity Summary

	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception
Assets in ($000)						
Beginning Market Value	32,096	26,572	23,524	20,880	13,736	2,021
Net Contributions	3,711	6,901	7,891	8,775	9,750	24,014
Fees/Expenses	-49	-133	-167	-474	-752	-1,796
Income	95	330	507	1,314	1,961	4,486
Gain/Loss	1,692	3,874	5,790	7,050	12,850	8,821
Ending Market Value	37,545	37,545	37,545	37,545	37,545	37,545

Disclaimer:
The Sample Foundation composite benchmark consists of Russell 1000 Value, Russell 1000 Growth, Russell 2000 Value, Russell 2000 Growth, MSCI AC World ex USA, and MSCI Emerging Markets indices in the same allocation as the Sample Foundation portfolio.
Fund performance shown is net of investment management fees.

Graystone Consulting



SAMPLE FOUNDATION June 30, 2014

Portfolio Performance

	Quarter to Date	YTD	1 Year	3 Years	5 Years
Total Fund	**3.55**	**4.46**	**14.16**	**6.94**	**10.59**
CPI + 5%	2.11	3.78	7.09	7.04	7.09
7% Benchmark	1.71	3.44	7.00	7.00	7.00
*Composite Benchmark	3.99	5.39	16.25	8.29	11.30

Activity Summary

	Quarter To Date	YTD	1 Year	3 Years	5 Years
Beginning Market Value	**1,253,558**	**1,242,669**	**1,170,235**	**1,124,621**	**721,739**
Net Contributions	19	1	-34,999	-67,983	81,412
Fees/Expenses	-2,468	-5,047	-10,154	-30,749	-47,411
Income	6,744	10,690	37,706	107,728	161,913
Gain/Loss	40,242	49,783	135,309	164,479	380,442
Ending Market Value	**1,298,095**	**1,298,095**	**1,298,095**	**1,298,095**	**1,298,095**

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
**Composite Benchmark consists of: 65% MSCI ACWI / 35% BC AGG*

Asset Allocation Analysis

4. Please explain size, composition, and source of your performance measurement data base. What indices are used for relative comparisons? If you do not maintain databases, whose database do you use? Describe and illustrate any special indices constructed by your firm.

Our database of over 24,000 investment strategies includes not only historical investment performance results, but also information on each manager's investment style, minimum account size, assets under management, number of accounts managed, founding date, personnel, contact information, ownership structure and denotes whether the product is accepting new accounts. The database also includes a narrative on the firm level, the product level, as well as a composite description.

Benchmarking

Graystone Consulting assigns a broad market (i.e. the S&P 500 or Wilshire 5000) and style-specific benchmark to each investment manager. Style-specific benchmarks are assigned to managers based on their style sub-classification (such as small/mid growth or large cap relative value) and verified by measuring the closeness of fit to the benchmark in Zephyr (a style based analysis tool).

We also build custom benchmarks for our clients to measure their aggregate fund performance. These custom blended benchmarks reflect the true asset allocation of the fund on a month-weighted basis.

5. Please describe, in detail, the optimal role that your firm would like to take in manager presentations to the Board. What other services are provided, such as custodian search.

In conducting a manager search, we encourage our clients to participate actively in the development of the qualifications and constraints that managers must meet in order to become bona fide candidates. We will also include any investment management firm specified by the Board of Trustees in the search process. The first step of the search involves identifying managers who meet some basic criteria, such as; location, size, assets managed, investment style, compliance issues, and ownership structure. We then screen the initial list of "qualified" managers for superiority of qualitative characteristics, as discovered through the Investment Manager Evaluation process. We can search for managers based on overall ratings, or we can search based on individual criteria, such as personnel.

Next, we screen the remaining investment managers for quantitative characteristics, such as absolute and risk-adjusted performance, volatility, consistency of returns, and adverse market performance. Our search process will ultimately provide your organization with a working list of managers you can invite to make presentations to the Board of Trustees. We actively participate in the manager presentation meetings and help the Retirement System make its final decision.

We stand ready to assist the board in any provider search necessary, such as benefits administration or custodial search.

6. Please provide 1 year, 3 year, 5 year and 10 year performance results on an annualized basis for a minimum of 5 public employee retirement system clients. If possible, these clients should include Michigan public employee plans. The performance results should be based upon the period in which you served as the investment consultant and include, at a minimum, total fund performance on an annualized basis as of December 31, 2024, with a comparison against the appropriate policy index. Said performance results may also include a breakdown of fund performance by asset class with the appropriate benchmark index and peer group rankings. Please identify each client by the size of its total plan assets, its asset allocation and the state in which it is located. You may also provide any appropriate commentary explaining over/under performance and your role in the investment process.

Michigan Public Plan Clients - Assets Between $50MM - $325MM

As of 12/31/24	1-Year	3-Year	5-Year	10-Year	Plan Asset Range	Asset Allocation
MI Public Plan A	**9.7%**	**3.5%**	**8.0%**	**8.0%**	**$200 - $225MM**	43% US Equity, 10% International Equity, 6% Gloabal Equity, 29% Fixed Income, 11% Real Estate, 2% Private Equity
Policy Index	*10.7%*	*2.3%*	*6.5%*	*6.8%*		
MI Public Plan B	**10.2%**	**3.4%**	**7.5%**	**7.7%**	**$125 - $150MM**	43% US Equity, 14% International Equity, 20% Fixed Income, 8% Real Estate, 7% Private Equity, 7% Private Credit, 2% Cash & Equivalents
Policy Index	*8.6%*	*2.4%*	*6.6%*	*6.7%*		
MI Public Plan C	**8.5%**	**3.4%**	**5.7%**	**6.1%**	**$50 - $75MM**	41% US Equity, 10% International Equity, 20% Fixed Income, 10% Real Estate, 11% Private Equity, 6% Private Credit, 2% Cash & Equivalents
Policy Index	*9.0%*	*2.5%*	*6.2%*	*N/A*		
MI Public Plan D	**10.1%**	**2.1%**	**7.0%**	**6.8%**	**$175 - $200MM**	42% US Equity, 19% International Equity, 18% Fixed Income, 5% Real Estate, 3% Private Credit, 5% Hedge Funds, 3% REITs, 4% Cash & Equivalents
Policy Index	*8.7%*	*2.2%*	*6.7%*	*6.9%*		
MI Public Plan E	**8.7%**	**1.5%**	**5.9%**	**7.2%**	**$300 - $325MM**	48% US Equity, 18% International Equity, 22% Fixed Income, 10% Real Estate, 2% Cash & Equivalents
Policy Index	*8.8%*	*2.4%*	*6.0%*	*6.6%*		

The data presented above is being provided pursuant to your specific request and is for information and discussion purposes only.. This list is based on objective criteria not related to performance. GENERAL. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Past performance does not guarantee future results. There is no guarantee that each investment strategy will work under all market conditions. The investment return and principal value of an investment will fluctuate, so that an investor's securities, when redeemed or sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Asset allocation and diversification do not assure a profit or protect against loss. Performance results include all cash and cash equivalents, are annualized for time periods greater than one year and include realized and unrealized capital gains and losses and reinvestment of dividends, interest and other income. Totals are rounded to the nearest dollar and, as such, may not equal the sum of the detail. Past performance is not indicative of future results.

7. How does your firm report on a portfolio's risk position?

Risk management is a critical component of the portfolio construction and evaluation process. Our team has integrated risk management throughout all stages of our disciplined investment process. Partnering with our clients as co-fiduciaries, we take care to properly understand and to continuously monitor portfolio risk to ensure alignment with clients' stated risk tolerances. By its nature, our investment philosophy includes flexibility to address changing market conditions and to meet diverse investors' investment policy guidelines.

The first step in identifying, quantifying, and managing risk in any investment portfolio is to gain a deep understanding of spending and liquidity needs, the organization's balance sheet, potential indentures, strategic initiatives, objectives, and, in this case, how the City of Ann Arbor Employees' Retirement System & Retiree Health Care Benefit Plan & Trust's Finance/Investment Committee views and quantifies risk. Risk is a multi-faceted concept, manifesting itself in various forms. Graystone Consulting then seeks investment managers that can achieve their stated investment goals while minimizing the amount of risk taken.

Fulfilling fiduciary responsibility has become more difficult given the growth in complexity of the financial markets and coupled with increased regulatory, compliance and due diligence requirements. Below, we identify the four archetypes of risk inherent in portfolios and how we can help manage them:

Policy Risk

- Strategic Planning
- Cash Flow Planning
- Monitoring the portfolio risk/return profile
- Evaluating capital markets assumptions
- Reviewing investment policy
- Conducting volatility and attribution analyses

Fiduciary Risk

- Creating and adhering to an effective investment policy statement
- Ensuring consultants are aligned with the organization's interests
- Setting and monitoring various appropriate benchmarks
- Participating in ongoing education

Portfolio Risk

- Performing risk budgeting
- Extensive, ongoing investment manager due diligence
- Conducting multi-factor risk analysis
- Compiling and evaluating portfolio analytics

Provider Selection Risk

- Evaluating and selecting top-tier investment managers

- Ensuring rigorous, comprehensive compliance capabilities and internal audit controls
- Monitoring compliance with internal policies

The portfolio will be stressed tested using an industry-leading risk management application, **BlackRock's Aladdin** platform. This risk platform is fully integrated into our portfolio management systems. It is powered by Aladdin, which is a risk management engine used by institutional asset managers to help identify specific, key risks within a portfolio. This includes stress testing using past performance and hypothetical future performance based on forward looking capital market assumptions. The forward-looking hypotheticals analyze the portfolio to show best/worst case scenarios under certain market conditions, such as S&P -10%, interest rates rising 100bps, or oil increasing/declining 20%. This allows informed discussion of which risks should be increased or reduced by identifying the specific factors and the securities driving that factor risk. The difference between this tool and Morningstar or other analytics tools is that it analyzes each security for specific risks. In the case of mutual funds, index funds, separately managed accounts, or ETFs, it evaluates the underlying positions versus applying a size/style/sector volatility rating. For example, a large cap growth mutual fund that is 50% FAANG, 25% TSLA, and 25% biotech will have a drastically different volatility score than a large cap growth fund that is 25% FAANG, no Tesla, and more representative of the index. Using Aladdin, we can illustrate, forecast, and quantify risks.

OTHER SERVICES

1. Does your firm provide consulting services for Defined Contribution/Deferred Compensation Plans?

Graystone Consulting consults to over 5,878 clients with Defined Contribution plans as of 12/31/2024.

The Graystone Consulting Troy Team provides consulting services to 22 Defined Contribution plans as of 12/31/2024.

Institutional Assets & Clients by Asset Pool

$ in Million

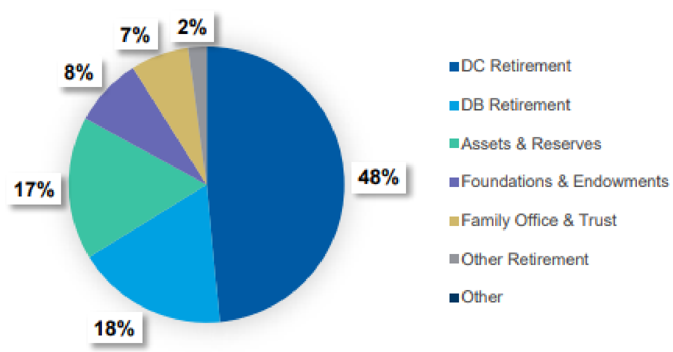
Institutional Assets by Asset Pool

2022			2023			2024		
Asset Pool	**$**	**%**	**Asset Pool**	**$**	**%**	**Asset Pool**	**$**	**%**
DC Retirement	222,752	43%	DC Retirement	279,247	45%	DC Retirement	362,170	48%
Assets & Reserves	99,859	19%	Assets & Reserves	113,469	18%	DB Retirement	132,416	18%
DB Retirement	93,178	18%	DB Retirement	105,783	17%	Assets & Reserves	125,126	17%
Foundations & Endowments	45,339	9%	Foundations & Endowments	48,874	8%	Foundations & Endowments	60,370	8%
Family Office & Trust	30,049	6%	Family Office & Trust	38,437	6%	Family Office & Trust	51,038	7%
Other Retirement	24,644	5%	Other Retirement	28,538	5%	Other Retirement	15,934	2%
Other	60	0%	Other	40	0%	Other	0	0%
Grand Total	**515,881**	**100%**	**Grand Total**	**614,389**	**100%**	**Grand Total**	**747,053**	**100%**

Institutional Clients by Asset Pool

2024		
Asset Pool	**Client Count**	**%**
DC Retirement	5,878	66%
Assets & Reserves	952	11%
Family Office & Trust	824	9%
Foundations & Endowments	746	8%
DB Retirement	626	7%
Other Retirement	199	2%
Other	0	2%
Grand Total	**8,901**	**100%**

2024 Institutional Assets by Asset Pool



1. Data as of December 31, 2024.

INSURANCE

1. Describe the various types of insurance and indemnification provided to protect clients of service(s) proposed, including (Be sure to include specific dollar coverages):

Financial Institutions Bond:

Morgan Stanley and all its subsidiaries maintain a Financial Institutions Bond, which insures Morgan Stanley and all its Subsidiaries for loss due to dishonest or fraudulent acts by employees; loss caused by forgery or alteration of securities electronic and computer crime and voice-initiated money transfers. Details are given below:

We maintain a Financial Institutions Bond, which insures Morgan Stanley and all its subsidiaries for loss due to dishonest or fraudulent acts by employees; loss caused by forgery or alteration of securities; electronic and computer crime; and voice-initiated money transfers.

- **Name of Insurer:** Chubb Global Markets (primary) and others
- **Rating:** A+
- **Policy Number:** FSGFI2400597
- **Extent of Coverage:** USD 50 Million
- **Deductible:** USD 20 Million
- **Expiration Date:** 1 October 2025

We maintain an Advisors Errors and Omissions Policy, which insures Morgan Stanley and its subsidiaries for client claims regarding actual or alleged breach of duty, negligence, and errors and omissions while acting as an investment adviser.

- **Name of Insurer:** Travelers Casualty & Surety Co. of America
- **Policy Number:** 105218442
- **Rating:** A++
- **Extent of Coverage:** US$20 million
- **Deductible:** US$100,000
- **Expiration Date:** 31 January 2026

Morgan Stanley maintains a Directors & Officers Liability policy, which insures directors and officers against claims alleging wrongful acts (e.g., breach of duty, neglect, errors, misstatements, misleading statements, omission) committed while acting in their respective capacity as a firm director or officer if the firm is unable to indemnify the individual.

- **Name of Insurer:** AIG and others
- **Policy Number:** 01-565-52-19
- **Extent of Coverage:** USD 700 Million
- **Deductible:** USD 0
- **Expiration Date:** 19 June 2026

OTHER ISSUES/MISCELLANEOUS

1. Is your company a member of MAPERS? What other affiliations does your company maintain to keep apprised of unique issues and developments affecting public employee retirement systems?

Yes, our team John Krakowiak, Amy Cole, and Erik Burger are all members of MAPERS.

2. Please provide all complaints against your firm received by the Securities and Exchange Commission and the National Association of Securities Dealers. Has your firm been involved in litigation within the last five years or is there any pending litigation arising out of your performance? If your answer is yes, explain fully.

Morgan Stanley, along with its Graystone Consultants, are occasionally named as defendants in various matters incidental to, and typical of, the businesses in which we engage. Information disclosing certain legal and regulatory matters is publicly available through our Form ADV on the SEC website at *www.sec.gov*.

No members of the Troy Graystone Team have been involved in litigation within the last five years.

3. Has your firm been investigated by any state or federal regulatory or law enforcement agency in the last ten years? If yes, please describe in detail the substance and results of each such investigation.

Morgan Stanley, along with its Graystone Consultants, are occasionally named as defendants in various matters incidental to, and typical of, the businesses in which we engage. Information disclosing certain legal and regulatory matters is publicly available through our Form ADV on the SEC website at *www.sec.gov*.

No members of the Troy Graystone Team have been involved in litigation within the last five years.

4. Has your organization been a party to any lawsuit, including suits involving misfeasance or professional negligence, within the last ten years? If so, please describe the substance and results of each suit.

Morgan Stanley, along with its Graystone Consultants are named from time to time as a defendant in various matters incidental to, and typical of, the businesses in which they engage. Information disclosing certain legal and regulatory matters is made publicly available through our Form ADV that may be found on the SEC website at *www.adviserinfo.sec.gov*.

None of the investment consultants listed within this RFP have been a party to any lawsuit.

5. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided all the disclosures required under those laws?

Graystone Consulting is a business within Morgan Stanley Smith Barney LLC (MSSB). MSSB is a wholly-owned indirect subsidiary of Morgan Stanley Domestic Holding Inc, a registered investment advisor with the Securities and Exchange Commission (SEC) per the Investment Advisor Act of 1940 (SEC file number: 801-70103).

We give prospective clients the disclosures needed under the Investment Advisers Act of 1940. This includes a copy of the relevant Form ADV Descriptive Brochure or Schedule H prior to, or at the time of, your account opening. We regularly update our Form ADV and related Brochures and Schedules. You can find Part I of MSSB's Form ADV on the SEC's web site at *http://www.adviserinfo.sec.gov*. Our most recent Program Brochure is attached as exhibit: "Graystone ADV."

6. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, describe those relationships?

Graystone Consulting is a business of Morgan Stanley. Morgan Stanley & Co is affiliated with Eaton Vance and E*Trade investment management firms.

Graystone Consulting does NOT recommend any affiliated products to plans under its consulting engagements and agrees in writing to this restriction in our consulting agreement with the client. Graystone does not receive fee from these entities and Graystone does not receive fees from any other investment managers, trust, brokerage firms, etc. that are recommended or otherwise mentioned to clients governed by ERISA. Please refer to our ADV for additional information.

**Government entity clients custodied at MSSB utilize one of two money market funds managed by an affiliated investment manager which serve as the account cash sweep vehicle may receive investment management fees. Please refer to the firm's Descriptive Brochure (Form ADV)*

7. Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, what is the extent of these payments in relation to your other income (revenue)?

Graystone Consulting does not receive compensation from money managers for including them in our database, for evaluating them, or for recommending them to plans or other clients however please refer to our ADV for additional information.

8. Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients?

Graystone Consulting has stringent policies which address potential conflicts of interest, and to prevent such conflicts from affecting the advice we give to clients. Such policies relate to:

- The independence of our manager due diligence.
- The compensation of, and information sharing among, investment manager analysts.
- Employees' acceptance of cash or gifts from individuals or entities with which we conduct business.

To ensure objectivity, Graystone Consulting advisors receive compensation solely from their role as advisors.

9. If you allow plans to pay your consulting fees using the plan's brokerage commissions, do you monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay its consulting fees?

Graystone Consulting does not accept payment of client fees through soft dollar or directed brokerage arrangements. We only accept consulting fees on an asset-based or hard dollar fee basis.

10. If you allow plans to pay your consulting fees using the plan's brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?

Graystone Consulting does not accept payment of client fees through soft dollar or directed brokerage arrangements. We only accept consulting fees on an asset-based or hard dollar fee basis.

11. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?

We impose no requirement for clients or their investment managers to trade or transact business through, or with, Morgan Stanley. In addition, we do not recommend soft dollar, discount brokerage, commission recapture or directed brokerage arrangements.

WE DO NOT:

- Introduce managers affiliated with Morgan Stanley to clients unless specifically requested
- Charge investment managers for inclusion in our manager search database
- Accept referral fees or any compensation from managers as a result of introductions
- Offer consulting services, including performance measurement, to investment management firms
- Purchase products or services from investment management firms
- Compel investment managers to trade through our registered broker-dealer

12. Will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?

Graystone Consulting agrees to acknowledge contractually that we are an ERISA fiduciary under Section 3(21)(a)(ii) of the code with respect to the advice we provide.

13. Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide the plan?

Graystone Consulting agrees to acknowledge contractually that we are an ERISA fiduciary under Section 3(21)(a)(ii) of the code with respect to the advice we provide.

14. What percentage of your plan clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?

Graystone Consulting does not receive compensation from any source other than our clients. Graystone Consulting is a business within Morgan Stanley Smith Barney LLC (MSSB). MSSB is a wholly-owned indirect subsidiary of Morgan Stanley Domestic Holding Inc, a registered investment advisor with the Securities and Exchange Commission (SEC) per the Investment Advisor Act of 1940 (SEC file number: 801-70103).. Our parent company, Morgan Stanley is registered broker-dealer, subject to additional rules and regulations.

Disclosures

Important Disclosures

The sole purpose of this material is to inform, and it in no way is intended to be an offer or solicitation to purchase or sell any security, other investment or service, or to attract any funds or deposits.

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States. This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Past performance is not necessarily a guide to future performance. The securities/instruments discussed in this material may not be appropriate for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Morgan Stanley Wealth Management recommends that investors independently evaluate specific investments and strategies and encourages investors to seek the advice of a financial advisor.

Morgan Stanley Smith Barney LLC, its affiliates, and its employees are not in the business of providing tax or legal advice. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Tax-related statements, if any, may have been written in connection with the "promotion or marketing" of the transaction(s) or matters(s) addressed by these materials, to the extent allowed by applicable law. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account ("Retirement Account"), Morgan Stanley is a "fiduciary" as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide "investment advice", Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit **www.morganstanley.com/disclosures/dol.** Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account

Risk Considerations
For wealth management research definitions please visit the following:
https://www.morganstanleyclientserv.com/mspublic/msoc/htmlfiles/researchdisclosures/ShowResearch.html?F=/researchdisclosures/mssb_mssbresearch_disclosures.html&B=false

Important: This report is exclusively for institutional Morgan Stanley clients and accredited investors. Morgan Stanley's policy on concentration limits with respect to positions and asset classes apply to both Liquid and Private Investments. The projections or other information generated by the Private Investment Model regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results generated by a Monte Carlo analysis will vary with each use and over time because each portfolio simulation is randomly generated. Any samples included in this analysis are not recommendations to pursue any private equity or asset allocation strategy. They are shown for illustration purposes only. Since the future cannot be forecast, actual results will vary from the information shown for the future, including estimates and assumptions. The results may vary with each use and over time. It is possible that these variations may be material. The degree of uncertainty normally increases with the length of the future period covered. As a result, Morgan Stanley cannot give any assurances that any estimates, assumptions or other aspects of the following analyses will prove correct. They are subject to actual known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those shown.

Range of Allocation to Private Investments (Monte Carlo Simulation): Monte Carlo simulation is an analytical technique which uses several iterations of hypothetical events. Statistics on the distribution of results can help infer which simulated variables are more likely. When simulating hypothetical asset class performance, we utilize Morgan Stanley's expected returns, standard deviations and correlations for each asset class. Small changes in these assumptions may have a sizable impact on the results. As such, the analysis is provided only for general guidance about asset allocation. There can be no assurances that the Monte Carlo-simulated results will be achieved or sustained. Your actual results will surely vary. For example, our simulations do not account for fees or transaction costs, which may be charged when you invest in an actual portfolio of securities. However, the goal of the Monte Carlo analysis is not 100% accurate forecasting, but rather to allow investors to make better, more informed decisions. Private equity interests may be highly illiquid, involve a high degree of risk and be subject to transfer restrictions.

Asset Class and Security Type Risks:

The investment management services of Morgan Stanley Smith Barney LLC and investment vehicles managed by Morgan Stanley Smith Barney LLC or its affiliates are not guaranteed and could result in the loss of value to your account. You should note that investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions. High volatility investments may be subject to sudden and large falls in value, and there could be a large loss on realization which could be equal to the amount invested.

Asset allocation, diversification and rebalancing do not assure a profit or protect against loss. There may be a potential tax implication with a rebalancing strategy. Please consult your tax advisor before implementing such a strategy.

Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment. The indices selected by Morgan Stanley to measure performance are representative of broad asset classes. Morgan Stanley retains the right to change representative indices at any time.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment a client selects. Past performance does not guarantee future results.

Investing in foreign markets entails greater risks than those normally associated with domestic markets, such as political, currency, economic and market risks. These risks are magnified in countries with emerging markets and frontier markets, since these countries may have relatively unstable governments and less established markets and economies. Investing in currency involves additional special risks such as credit, interest rate fluctuations, derivative investment risk, and domestic and foreign inflation rates, which can be volatile and may be less liquid than other securities and more sensitive to the effect of varied economic conditions. In addition, international investing entails greater risk, as well as greater potential rewards compared to U.S. investing. These risks include political and economic uncertainties of foreign countries as well as the risk of currency fluctuations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies. Technology stocks may be especially volatile. Risks applicable to companies in the energy and natural resources sectors include commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Health care sector stocks are subject to government regulation, as well as government approval of products and services, which can significantly impact price and availability, and which can also be significantly affected by rapid obsolescence and patent expirations.

The returns on a portfolio consisting primarily of environmental, social, and governance-aware investments (ESG) may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

Real estate investment values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

The risks of investing in **Real Estate Investment Trusts (REITs)** are similar to those associated with direct investments in real estate: lack of liquidity, limited diversification, and sensitivity to economic factors such as interest rate changes and market recessions.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Real Assets may include precious metals, commodities, oil and gas interests and timber interests. The prices of real assets tend to fluctuate widely and in an unpredictable manner. Real assets may be affected by several factors, including global supply and demand, investors' expectations with respect to the rate of inflation, currency exchange rates, interest rates, investment and trading activities of hedge funds and commodity funds, and global or regional political, economic or financial events and situations.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

Alternative strategy mutual funds may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Non-traditional investment options and strategies are often employed by a fund's portfolio manager to further a fund's investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage." The fund's prospectus will contain information and descriptions of any non-traditional and complex strategies utilized by the fund.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of **preferred securities** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond volatility and risk of loss compared to traditional bond directly to increases or decreases in the underlying stock.

Many **floating rate securities** specify rate minimums (floors) and maximums (caps). Floaters are not protected against interest rate risk. In a declining interest rate environment, floaters will not appreciate as much as fixed-rate bonds. A decline in the applicable benchmark rate will result in a lower interest payment, negatively affecting the regular income stream from the floater.

Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding. At the time of sale, your shares may have a market price that is above or below NAV. There is no assurance that the fund will achieve its investment objective. The fund is subject to investment risks, including possible loss of principal invested.

An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock prices. The investment return and principal value of ETF investments will fluctuate, so that an investor's ETF shares, if or when sold, may be worth more or less than the original cost.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

All mutual funds/exchange traded funds are sold by prospectus, which contains more complete information about the fund. Please contact Financial Advisor for copies. Please read the prospectus and consider the fund's objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund.

Non 1940 Investment Company Act registered funds not currently held by recipient must be preceded or accompanied by the prospectus.

Any securities referred to in this material may not have been registered under the U.S. Securities Act of 1933, as amended, and, if not, may not be offered or sold absent an exemption therefrom. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any security/instrument or otherwise applicable to any transaction.

The program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services, the execution of transactions through Morgan Stanley Smith Barney LLC or its affiliates, custody of the client's assets with Morgan Stanley Smith Barney LLC and its affiliates, and reporting. In addition to the Fee, you will pay the fees and expenses of any funds in which your account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. You understand that these fees and expenses are an additional cost to you and will not be included in the Fee amount in your account statements. Please see the applicable program disclosure document for more information including a description of the fee schedule.

Adverse Active Alpha Disclosure:

Adverse Active Alpha (AAA) is a patented screening and scoring process designed to help identify strong stock picking equity managers with characteristics that may lead to future outperformance relative to index and peers. While highly ranked managers performed well as a group in our Adverse Active Alpha model back tests, not all of the managers will outperform. In addition, highly ranked managers can have differing risk profiles that might not be suitable for all investors. Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management's qualitative and quantitative investment manager due diligence processes are equally important factors for investors when considering managers for use through an investment advisory program. Factors including but not limited to, manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking.

GIMA Disclosures:

The Global Investment Manager Analysis (GIMA) Services Only Apply to Certain Investment Advisory Programs. GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA Status changes even though it may give notice to clients in other programs.

Global Investment Manager Analysis (GIMA) Focus List, Approved List and Tactical Opportunities List; Watch Policy. GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a 'Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "Manager Selection Process."

ESG:

The returns on a portfolio consisting primarily of *Environmental, Social and Governance* ("ESG") aware investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. Diversification does not guarantee a profit or protect against loss in a declining financial market.

Private Equity:

Private equity funds typically invest in securities, instruments, and assets that are not, and are not expected to become, publicly traded and therefore may require a substantial length of time to realize a return or fully liquidate. They typically have high management, performance and placement fees which can lower the returns achieved by investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid with significant lock-up periods and no secondary market, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums.

Cerulli Disclosure – Cerulli Associates' data are based on data submitted by firms participating in Cerulli's survey. Morgan Stanley Wealth Management was ranked No. 1 in terms of assets under management out of the firms listed in the industry for the quarter with respect to Top Managed Account Program Sponsors across all Industry Segments. This category includes separate account consultant programs, mutual fund advisory programs, ETF advisory programs, rep as portfolio manager programs, rep as advisor programs and unified managed account programs. Separate account consultant programs are programs in which asset managers manage investors' assets in discretionary and non-discretionary programs designed to systematically allocate investors' assets across a wide range of mutual funds or ETFs. Rep as portfolio manager programs are discretionary programs in which advice is an essential element; planning is undertaken or advice is treated as a separate service from brokerage. Rep as advisor programs are non-discretionary programs where the advisor has not been given discretion by the client and must obtain approval each time a change is made to the account or its investments. Unified managed accounts are vehicle-neutral platforms that simplify the delivery of multiple investment vehicles, such as separate accounts, mutual funds, exchange-traded funds and individual securities through their integration within a single environment. Rankings are subject to change. Some historical figures may be revised due to newly identified programs, firm restatements, etc.

Fee Structures Disclosure:

Actual fee structures will vary and are set by individual investment consulting firms. Actual portfolio management fees will vary over time based upon then-current asset allocation and selection of individual investment managers/products.

Client List Disclosure

The Graystone Consulting clients listed herein may participate in various investment advisory programs sponsored by MSSB. This list is based on objective criteria not related to performance. It is unknown whether any of the listed clients approve or disapprove of the services that we provide to them. Inclusion of a client name on this list is not intended to imply that client endorses us or the services that we provide to them in any way. This list should not be construed as an expression of any client's experience with Graystone Consulting or a suggestion that one client's past experience is in any way indicative of another client's future experience with Graystone Consulting. The clients listed above are a representative list of the Graystone Consulting or the MSWM Institutional Services business or the team name and are not intended to represent the clients of any individual Institutional consultant or all clients of Graystone Consulting or the MSWM Institutional Services business

Actual results may vary and past performance is no guarantee of future results.
Diversification does not ensure against loss.

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When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, “Morgan Stanley”) provide “investment advice” regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account (“Retirement Account”), Morgan Stanley is a “fiduciary” as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or the Internal Revenue Code of 1986 (the “Code”), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide “investment advice”, Morgan Stanley will not be considered a “fiduciary” under ERISA and/or the Code. For more information regarding Morgan Stanley’s role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.

ATTACHMENT B

Fees

1. Please indicate your fee schedule for investment performance analysis services, asset allocation, investment policy, manager search, custodial search, custodial services, etc. If your fee schedule is based on soft dollars, please also quote each service by type on a hard dollar basis. How often do your fees increase and what is the average percentage of the increase? Would your firm agree to a multi-year fee terms and if so, for how many years?

   Our annual investment consulting fee would be $110,000 for the ERS Plan and $50,000 per year for the RHC Plan for a total combined annual fee of $160,000 which would include custody at no additional cost. We would agree to this fee amount for 3 years.

2. Would you charge separately for travel expenses? If so, explain in detail your policy.

   No. All services described in this proposal, including travel and the cost of special reports, are covered in our fee proposal.

3. What other costs or expenses might we incur with your firm?

   All services described in this proposal, including travel and the cost of special reports, are covered in our fee proposal.

4. Do you offer payment by cash on a pro rata quarterly basis billed in arrears?

   Yes we do offer payment by cash on a pro rata quarterly basis billed in arrears. If the accounts are custodied at Morgan Stanley, payments are generally debited from the accounts but can also be paid via check or ACH. If assets are custodied outside of Morgan Stanley, invoice payments can be made via check or ACH.

5. If services are also quoted on a soft dollar basis, what is the cost in cents per share? What is the commission to cash conversion ratio? Also, how do you report to us on commissions received?

   We do not accept soft dollars as payment for consulting services.

6. What percentage of typical equity managers trades do you feel should be used for client directed brokerage purposes?

   Morgan Stanley imposes no requirement for clients or their investment managers, to trade or transact business through or with Morgan Stanley. In addition, we do not recommend soft dollar, discount brokerage, commission recapture or directed brokerage arrangements.

7. Do you give credit for commissions received above services? What type of recapture is used for those excess commissions?

   We do not offer a commission recapture program.