

NOTICE OF MEETING AND AGENDA
City Council Chamber
735 8th Street South, Naples, Florida 34102

Welcome to today's meeting. If you wish to address the Board regarding an item listed on this agenda, please complete a registration form at the rear of the room and place it in the Speaker Request Box located on the dais prior to consideration of that item. We ask that speakers limit their comments to 7 minutes and that large groups name a spokesperson whenever possible. Thank you for your interest and participation in City government.

**Joint Meeting General / Police Officers / Firefighters Pension Boards of
Trustees**
Friday, May 18, 2018
8:30 AM

All proposed resolutions and information on items listed below, which have been provided in advance of this meeting, may be inspected in the Planning Department, 295 Riverside Circle, or on the City of Naples home page <https://www.naplesgov.com/> or call the City Clerk's Office, 213-1015. All written, audio-visual and other materials presented to the Board in conjunction with deliberations during this meeting will become the property of the City of Naples and will be retained by the City Clerk.

I. Joint Meeting General / Police Officers' / Firefighters' Pension Boards of Trustees

1. Pledge of Allegiance.
2. Roll Call
3. Public Comment

NOTICE

FORMAL ACTION MAY BE TAKEN ON ANY ITEM DISCUSSED OR ADDED TO THIS AGENDA. ANY PERSON WHO DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD OR COMMITTEE WITH RESPECT TO ANY MATTER CONSIDERED AT THIS MEETING (OR HEARING) WILL NEED A RECORD OF THE PROCEEDINGS AND MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDING IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE HEARD. ANY PERSON WITH A DISABILITY REQUIRING AUXILIARY AIDS AND SERVICES FOR THIS MEETING MAY CALL THE CITY CLERK'S OFFICE AT (239) 213-1015 WITH REQUESTS AT LEAST TWO BUSINESS DAYS BEFORE THE MEETING DATE.

4. Items to be added

5. RFP Investment Consultant Finalists Presentations

1. [BCA 2018-05-18 Naples \(FW Presentation1\).pdf](#)

1. [BCA References.pdf](#)

2. [Graystone Naples Finals_Updated\[Compatibility Mode\].pdf](#)

2. [Graystone Naples RFP Finals Questions.docx.pdf](#)

2. [Graystone References.pdf](#)

3. [Meketa Inv't Group Presentation to the City of Naples.pdf](#)

3. [Meketa References.pdf](#)

6. Make recommendation of award if possible

7. Correspondence / Announcements / Communications

II. General Employees' Pension Board of Trustees

1. Roll Call

2. Items to be added

3. Public Comment

4. Approval of refunds of Contributions

[Binder1.pdf](#)

Adjournment

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

1. Pledge of Allegiance.

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
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Meeting Date: May 18, 2018

SUBJECT

2. Roll Call

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
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SUBJECT

3. Public Comment

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
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SUBJECT

4. Items to be added

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

5. RFP Investment Consultant Finalists Presentations

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

- 1. [BCA 2018-05-18 Naples \(FW Presentation1\).pdf](#)
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CITY OF NAPLES Pension Plan Analysis

May 2018

A photograph of a modern building with a glass facade, reflecting the sky and clouds. The building is partially visible on the right side of the image, with the rest of the background being a solid teal color.

Burgess Chambers & Associates, Inc.
315 E. Robinson Street, Suite 690. Orlando, FL 32801
[Email: info@burgesschambers.com](mailto:info@burgesschambers.com)
Phone: (407) 644 0111

AGENDA

- Introduction
- Naples Allocation Analysis
- Naples Manager Analysis
- Active vs. Passive
- Risk Management
- Q&A

Other attachments:

- Sample Report

INTRODUCTION

Seasoned Expertise

- +30 years of experience with institutional clients
- Employees average 20+ years of industry experience
- 92 institutional clients (\$4.5 billion in assets)
- Team approach with at least one senior advisor on each relationship

Customized Approach

- Open architecture with access to more than 50,000 products
- Control cost by blending active and passive products
- Client-specific investment program
- Tailored allocation strategy to achieve a specific target return/risk

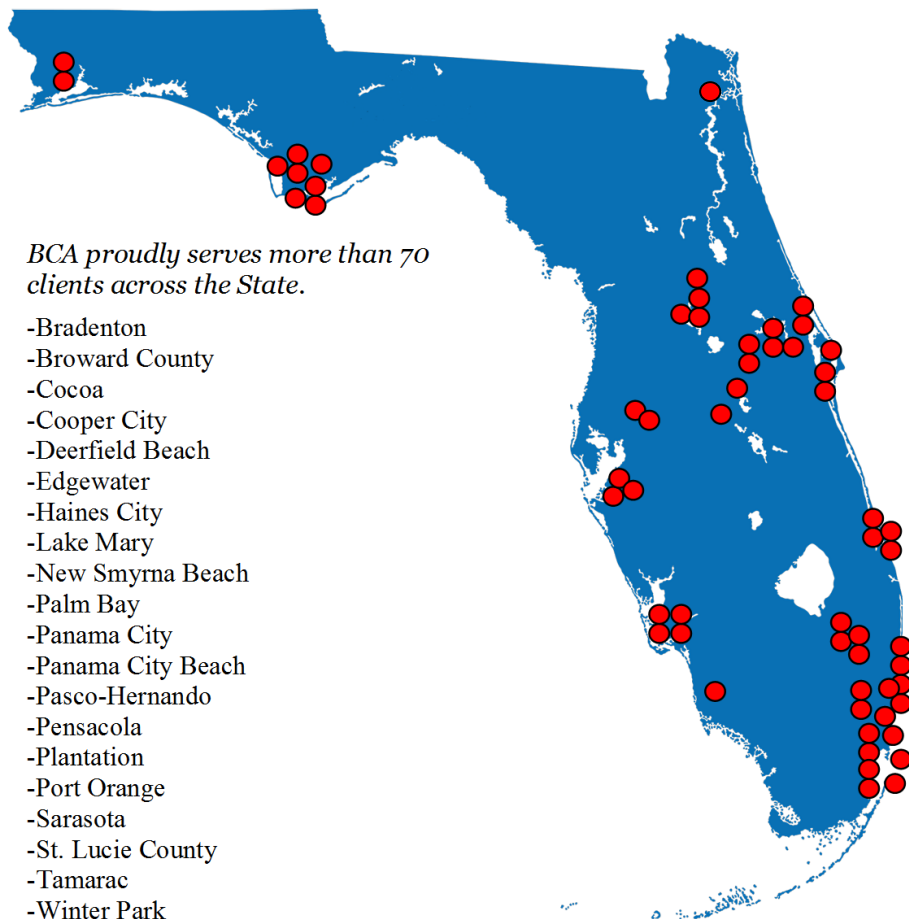
Exceptional Service

- Accessible team committed to support your ongoing needs
- Proactive communication to keep you informed
- Timely insight and guidance
- Provide continuing education

Objective Advice

- Independent research and advice
- Assume fiduciary responsibility
- Deliver consistent performance compared to benchmarks
- Ensure compliance with policy targets and risk parameters
- Constant vigilance over macro and industry trends

COMMITMENT TO FLORIDA PUBLIC PENSION PLANS



Please contact BCA for a full list of clients.

BCA Clients:

Florida is the market where BCA started and has continued to thrive for the past 30 years. BCA is a proud partner of our Florida public pension clients, and is committed to offer independence, transparency and objective advice.

DEDICATED TEAM



Frank Wan, MBA
Senior Consultant
13 Years of Experience
Joined BCA in 2006

Mr. Frank Wan is a senior consultant responsible for economic research, asset allocation, plan design and investment consulting. Mr. Wan is the Chair of the Investment Committee and his research has been published by Investor Business Daily and Forbes. Prior to joining BCA, Frank was an equity analyst for a market-neutral hedge fund, where he was responsible for financial modeling. Frank received his undergraduate degree from Stetson University and MBA from Rollins College. Frank is a faculty member of the FPPTA and a frequent speaker at local and national conferences.



Burgess Chambers, MBA
Senior Consultant
35 Years of Experience
Founded BCA in 1988

Mr. Chambers founded the company in 1988 and oversees all aspects of the firm. He is on the faculty of the Investment Management Institute, Greenwich, Connecticut, and the Florida Public Pension Trustees Association. Mr. Chambers served as an arbitrator and judge for the National Association of Securities Dealers (NASD) in Tampa. Mr. Chambers has published numerous articles, and has been quoted in U.S. News and World Report and Investment Management Weekly. He was formerly an Executive Vice President of an investment counseling firm (1983-1987), investing pension funds in construction projects in Florida. He was an executive of Superior Oil Company (1981-1983). Mr. Chambers studied at the Goethe Institute. Mr. Chambers received his M.B.A. and B.S. degrees from Tulane University in 1980 and 1978.



Karla Engard, CRPS
Chief Compliance Officer
29 Years of Experience
Joined BCA in 2007

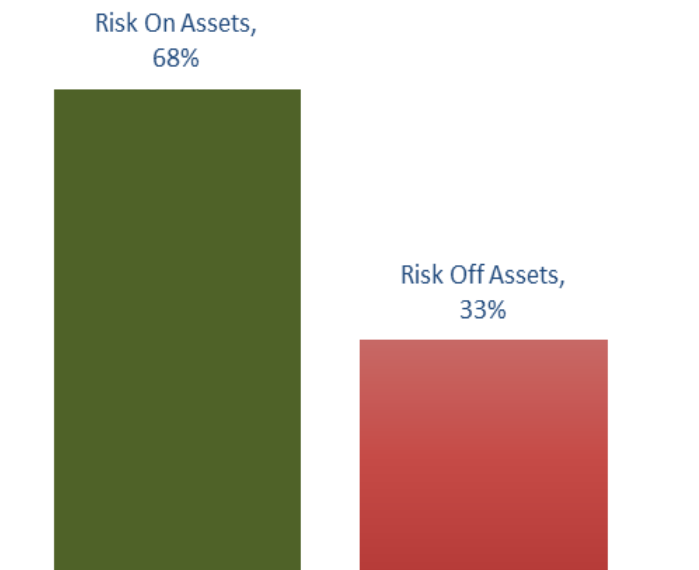
Ms. Karla Engard oversees all aspects of client service, administration and compliance. Karla works closely with National Compliance Services and updates the clients regularly with regulatory changes that may impact the Plan. Prior to joining BCA, Karla was the Vice President of Retirement Services at SunTrust Bank, where she was responsible for product development and compliance. Karla attended University of North Florida and is a graduate of National Trust School and Cannon Financial Institute.



Gina D'Amiano, QKA
Performance Analyst
9 Years of Experience
Joined BCA in 2013

Ms. Gina D'Amiano is responsible for performance measurement, client administration and consultant support. Gina provides direct assistance to Plan Sponsors related to RFPs, plan reports, and employee communication. Prior to joining BCA, Gina worked as an account executive at Bates Company, where she was responsible for third party administration for retirement plans. Gina is a graduate of the University of Central Florida and received an B.A. in Business Administration.

NAPLES ALLOCATION ANALYSIS



Risk On Assets:

- Large Cap Stocks 42.5%
- Smid Cap Stocks 10.0%
- International Stks 10.0%
- MLP 5.0%

Risk Off Assets:

- Private RE 10.0%
- HF Strategies 5.0%
- Core Bonds 17.5%

Plan Summary:

- 100% of the portfolio is invested with active managers (13).
- Two managers underperformed (net) during the trailing 5-year period.
- The Plans funded MLPs in 2017.
- Total investment management fee is approximately 0.57*%.
- <1% in cash/equivalent.
- The Plans earned 8.52% (net) over the trailing 5-year period.
- 5-year result were similar to policy index, and outperformed the 7.5% actuarial assumption.
- 5-year result ranks in the top 25th percentile of the BCA/Investment Metrics Public Pension Universe.
- 5-year risk adjusted return is favorable: 0.78 *Alpha*

NAPLES ALLOCATION ANALYSIS

10-YEAR SNAPSHOT

	ROR	Beta	R-Squared	Worst 4 Qtrs	Best 4 Qtrs	Dnside Cap Ratio	Upside Cap Ratio
▲ Naples Allocation	7.46	0.71	0.95	-27.88	35.05	72.26	71.86
● Russell 1000	9.61	1.02	1.00	-38.27	51.60	101.45	101.59
■ Russell 2500	10.28	1.16	0.92	-38.23	65.71	108.88	110.52
▼ NCREIF National Property Index	6.09	0.10	0.07	-22.11	16.73	-0.70	30.68
◆ Alerian MLP Index	5.60	0.81	0.38	-39.19	76.41	88.76	70.77
▲ HFRI FOF: Diversified Index	1.63	0.31	0.64	-16.62	12.15	36.60	22.90
● Bloomberg Barclays Aggregate	3.63	-0.05	0.05	-2.02	10.56	-17.34	11.96
■ MSCI EAFE Gross	3.23	1.10	0.79	-46.20	55.21	123.36	78.91
▼ Standard & Poor's 500	9.49	1.00	1.00	-38.09	49.77	100.00	100.00

#1

#2

5-YEAR SNAPSHOT

	ROR	Beta	R-Squared	Worst 4 Qtrs	Best 4 Qtrs	Dnside Cap Ratio	Upside Cap Ratio
▲ Naples Allocation	8.09	0.80	0.83	-6.17	20.06	124.44	67.34
● Russell 1000	13.17	1.00	0.99	-0.61	25.35	104.53	99.61
■ Russell 2500	11.55	1.06	0.66	-7.31	25.58	147.04	93.63
▼ NCREIF National Property Index	10.00	-0.04	0.03	6.90	13.47	-67.74	59.58
◆ Alerian MLP Index	-5.85	1.35	0.28	-39.19	28.32	430.35	8.85
▲ HFRI FOF: Diversified Index	3.31	0.34	0.54	-5.49	7.54	33.43	25.25
● Bloomberg Barclays Aggregate	1.82	-0.02	0.00	-0.31	6.00	3.47	12.42
■ MSCI EAFE Gross	6.98	1.01	0.47	-9.72	25.61	160.26	63.93
▼ Standard & Poor's 500	13.31	1.00	1.00	-0.61	24.61	100.00	100.00

#3

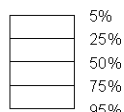
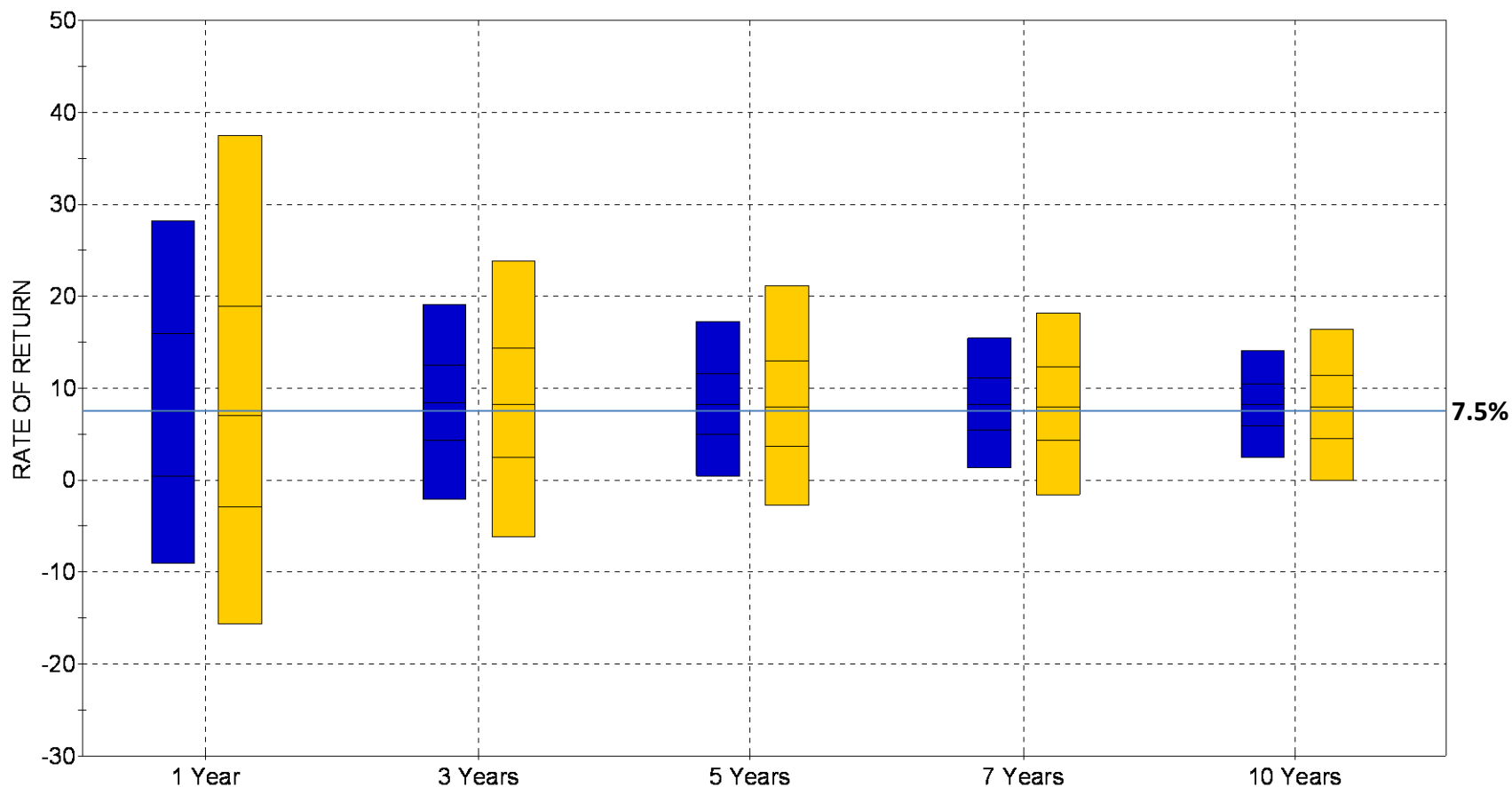
Additional Comments:

1. The Plan's market *Beta* ranges between 0.7 – 0.8; this demonstrates a high degree of market sensitivity.
2. Hedge fund correlation to the stock market has ranged between 0.5-0.7; this can be an expensive way to reduce *Beta*.
3. MLP is in a "restructuring" phase; need to emphasis on risk management.

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NAPLES ALLOCATION ANALYSIS

Monte-Carlo Simulation



■ Naples Allocation
■ Standard & Poor's 500

Inflation Rate: 0.00%
Target ROR: N/A
Amount: 0.00%
Frequency: Quarterly

NAPLES ALLOCATION ANALYSIS

Drawdown & Recovery

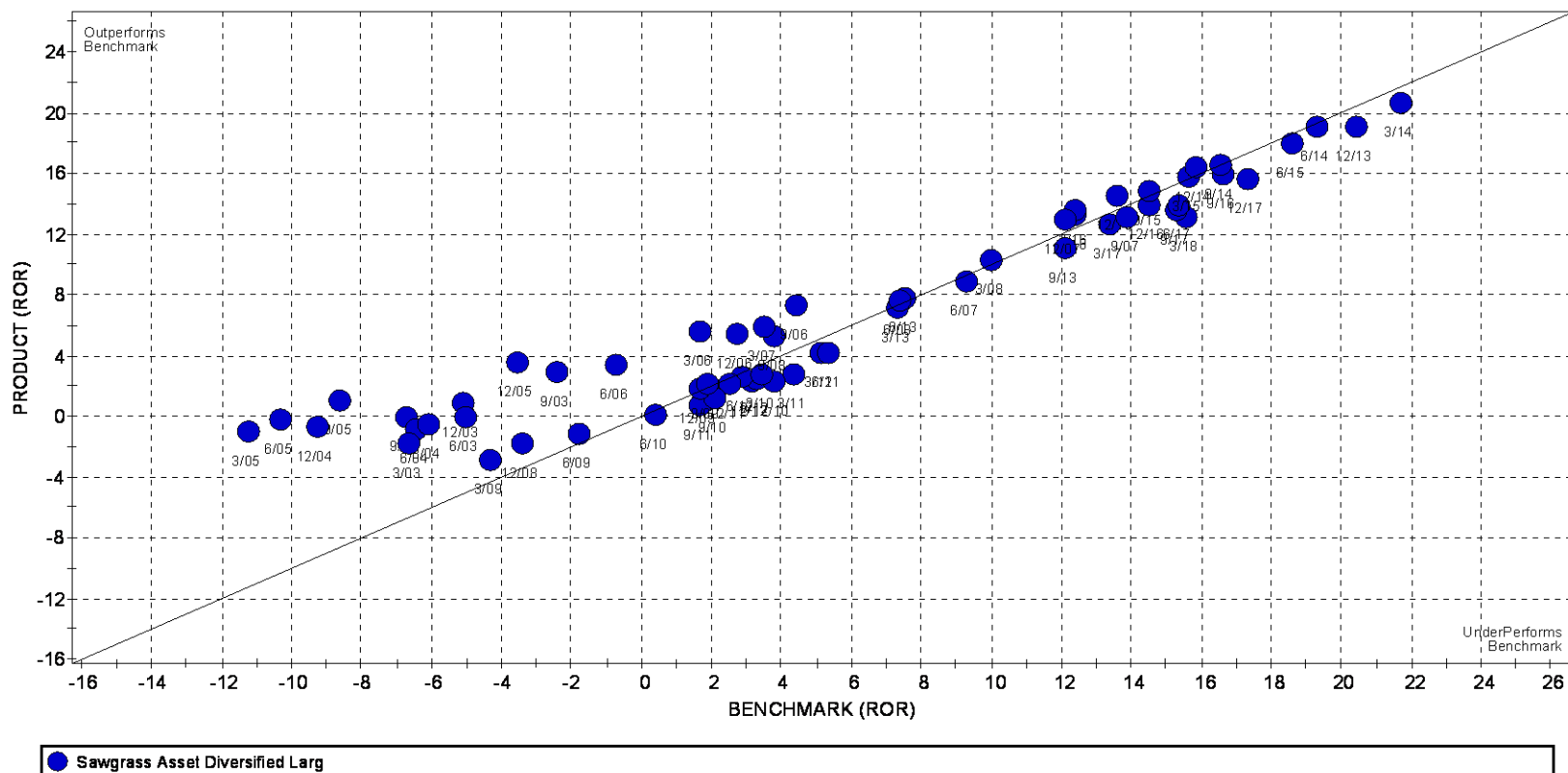


■ Naples Allocation

	9/2007-3/2009	3/2000-9/2002	6/2011-9/2011	3/2015-9/2015	6/1998-9/1998	6/1999-9/1999
Drawdowns	-32.86	-22.78	-9.64	-8.19	-7.98	-3.57
	3/2009-6/2011	12/1995-6/1998	6/2012-3/2015	9/2002-3/2004	9/2015-12/2017	9/1998-6/1999
Recoveries	59.78	57.15	44.98	35.20	30.67	23.81

NAPLES MANAGER ANALYSIS

Sawgrass Value Add [5-Year Rolling Returns]



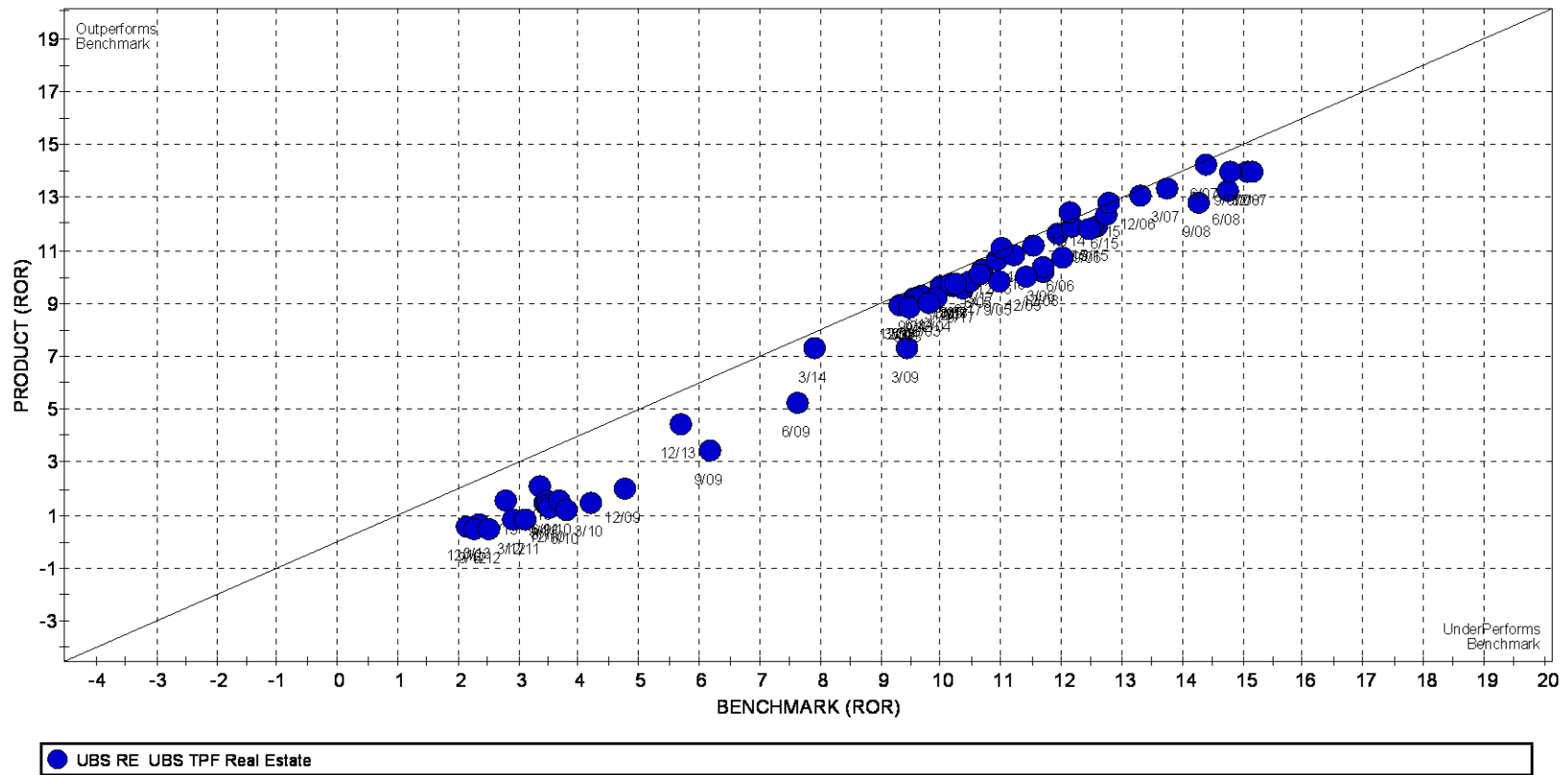
5-Year Risk Statistics

Beta: 0.84

Alpha: 0.17

NAPLES MANAGER ANALYSIS

UBS TPF Value Add [5-Year Rolling Returns]



5-Year Risk Statistics

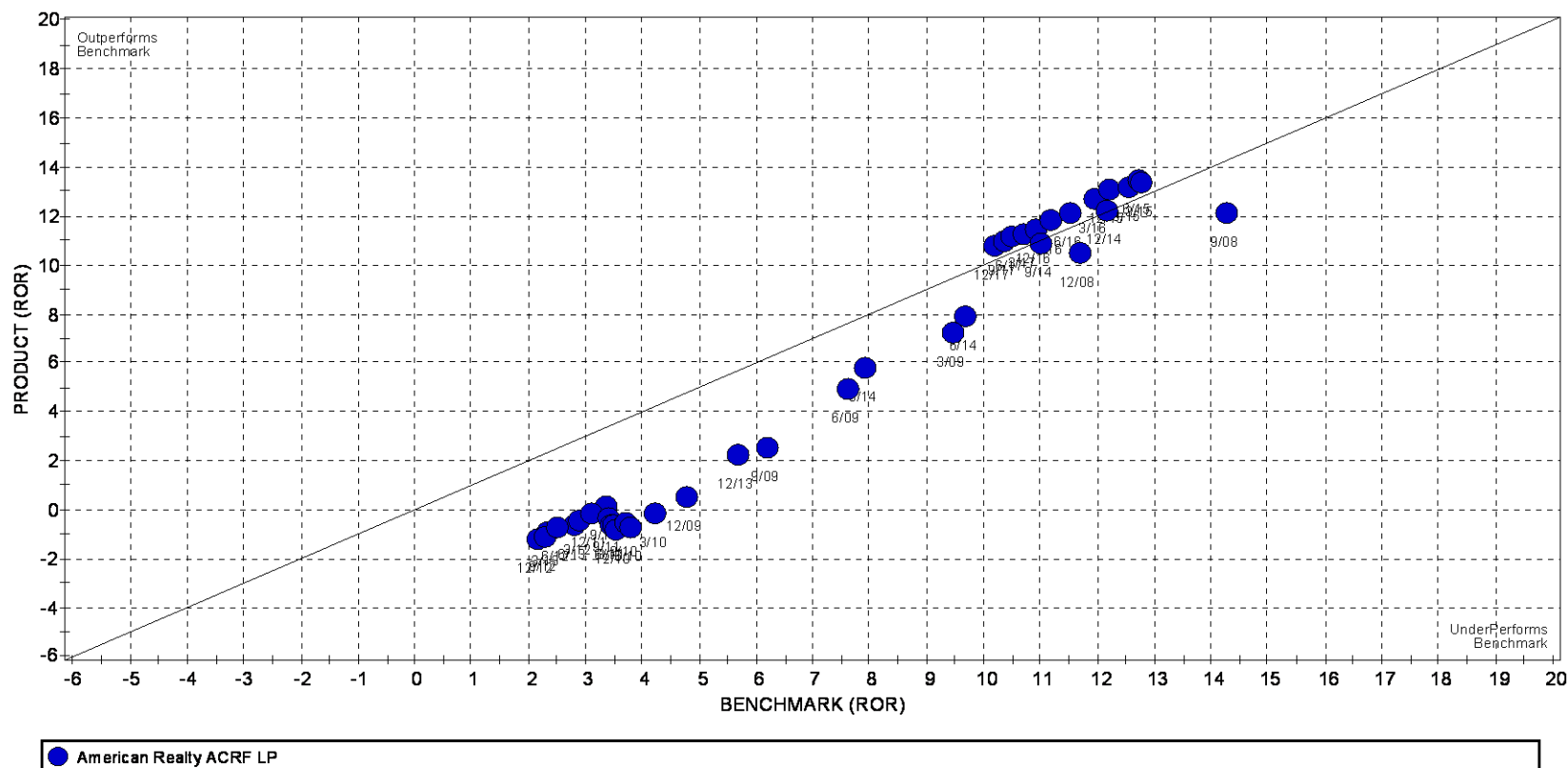
ROR: 9.73%

UBS Leverage: 17.3%

NCREIF ODCE Leverage: 21.1%

NAPLES MANAGER ANALYSIS

American Realty [5-Year Rolling Returns]



5-Year Risk Statistics

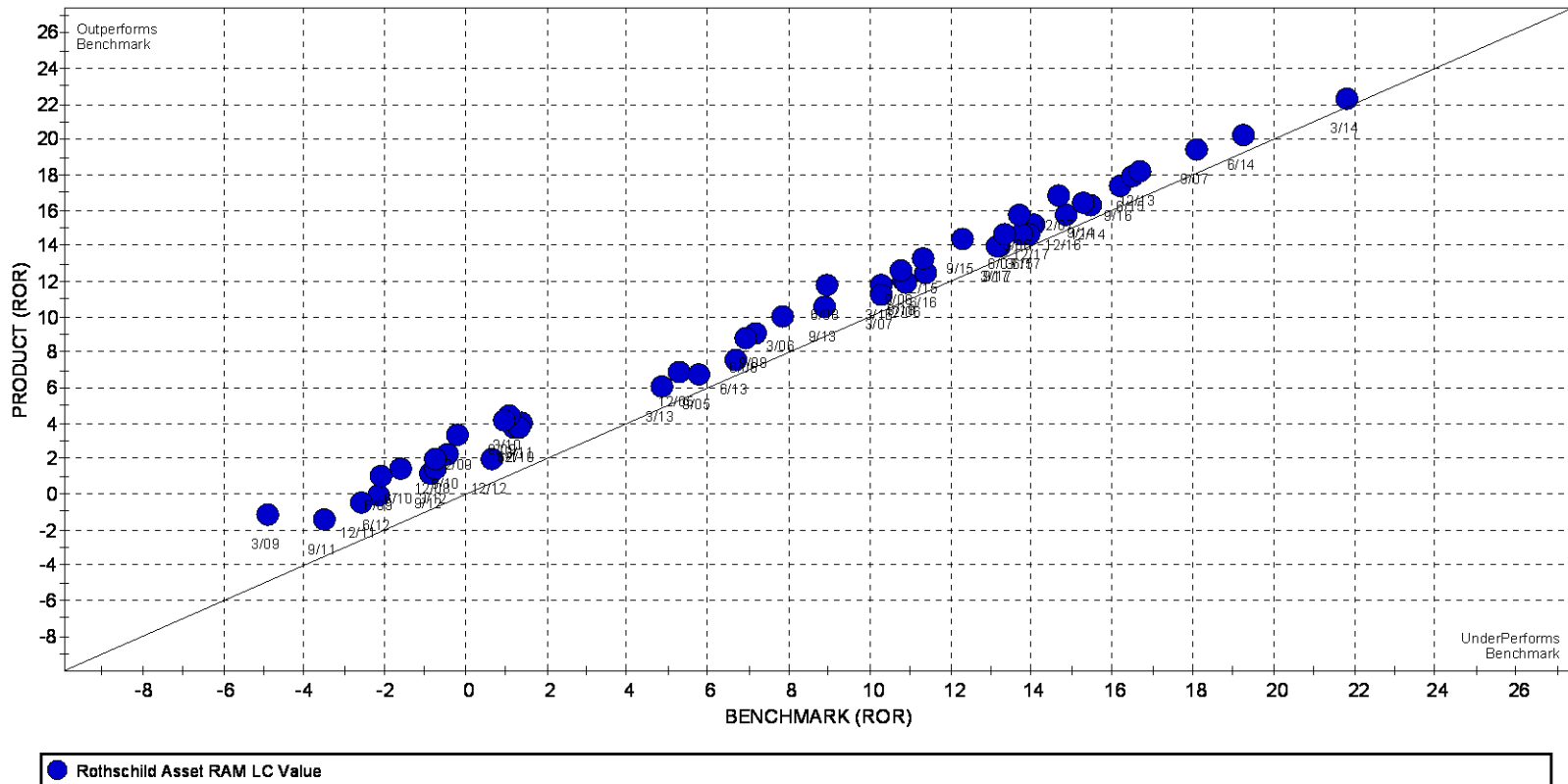
ROR: 10.80%

American Leverage: 20.0%

NCREIF ODCE Leverage: 21.1%

NAPLES MANAGER ANALYSIS

Rothschild LCV [5-Year Rolling Returns]



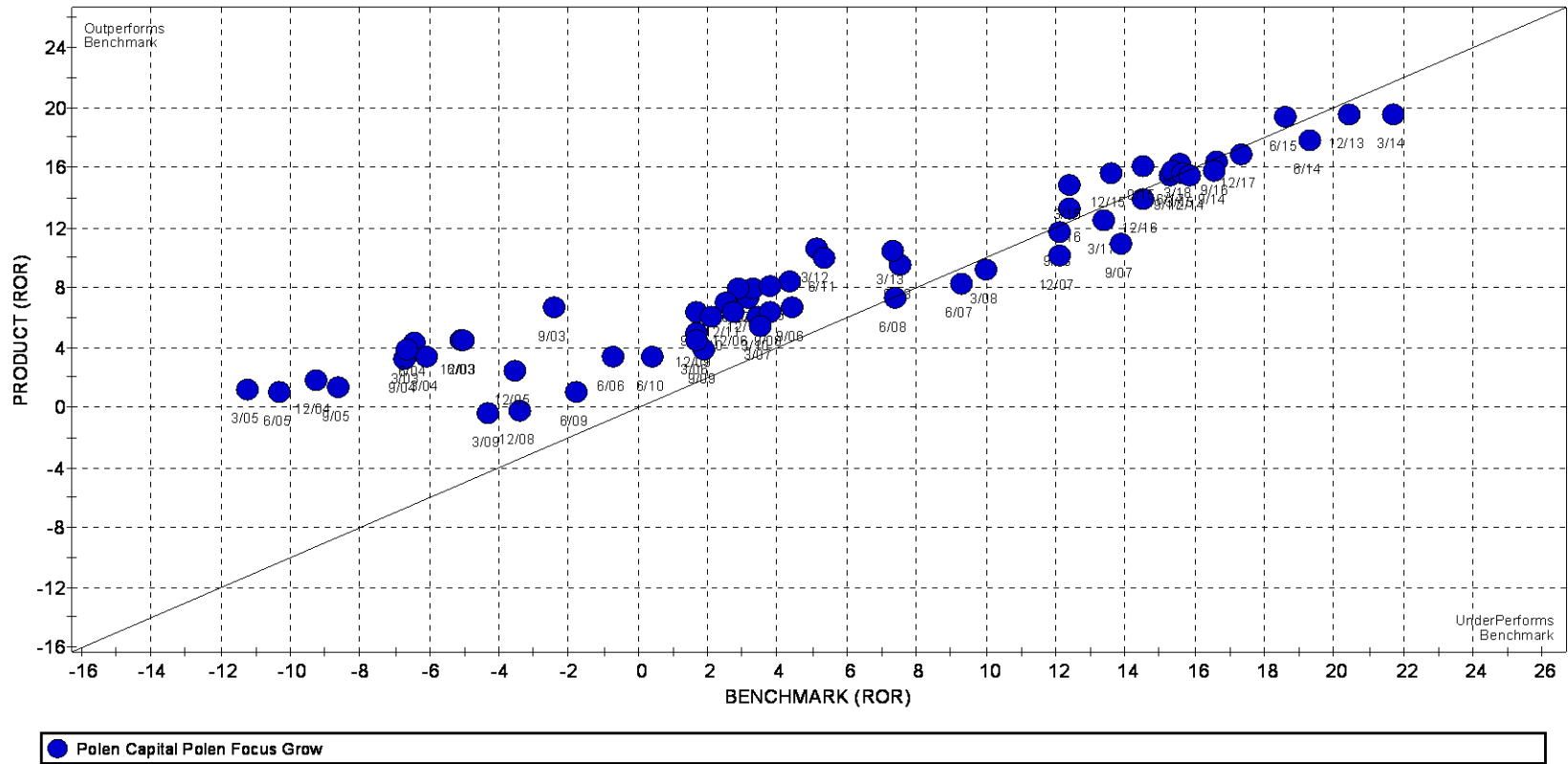
5-Year Risk Statistics

Beta: 0.94

Alpha: 1.87

NAPLES MANAGER ANALYSIS

Polen LCG [5-Year Rolling Returns]



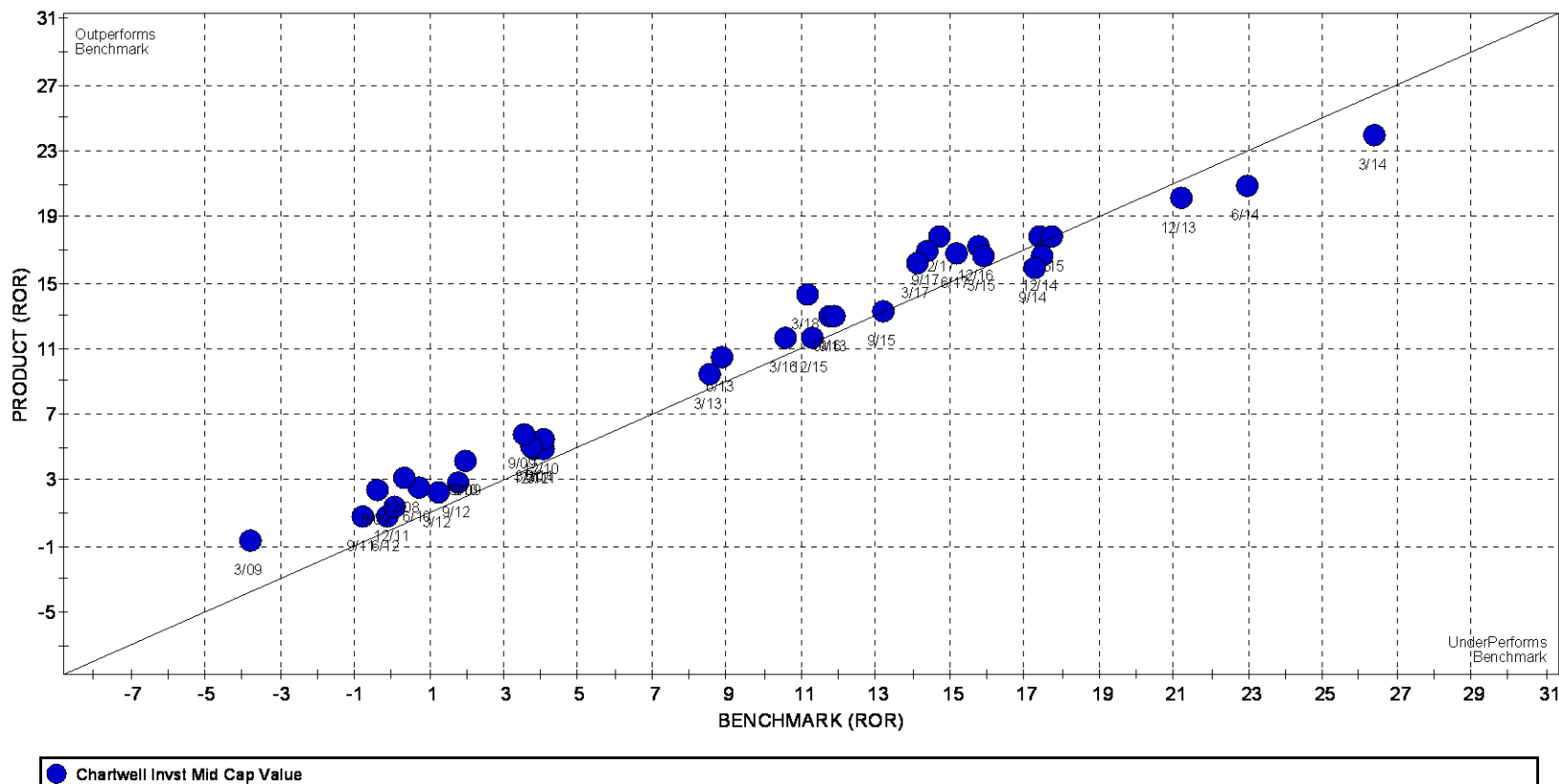
5-Year Risk Statistics

Beta: 0.82

Alpha: 3.39

NAPLES MANAGER ANALYSIS

Chartwell MCV [5-Year Rolling Returns]



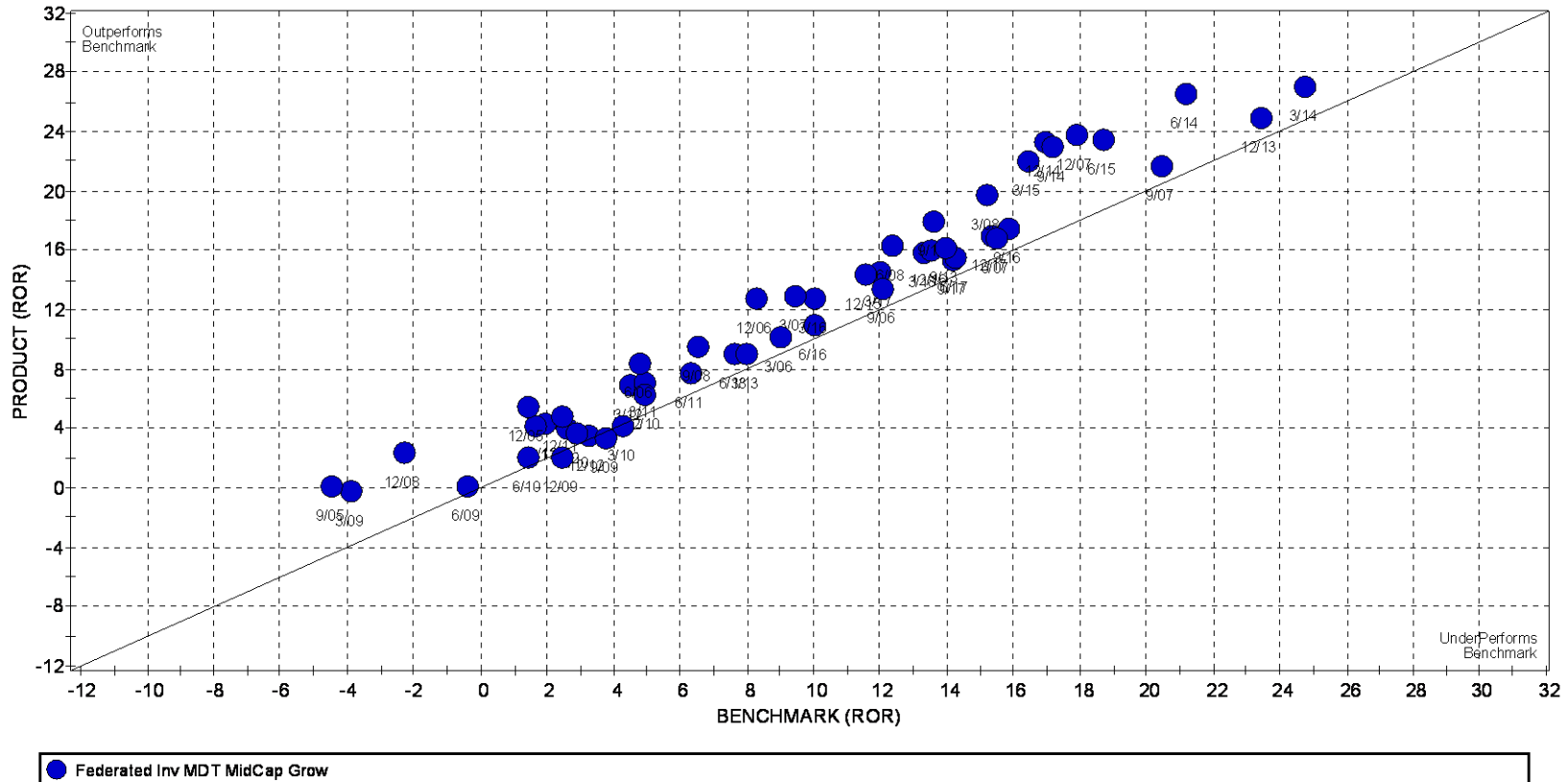
5-Year Risk Statistics

Beta: 1.10

Alpha: 2.03

NAPLES MANAGER ANALYSIS

MDT MCG [5-Year Rolling Returns]



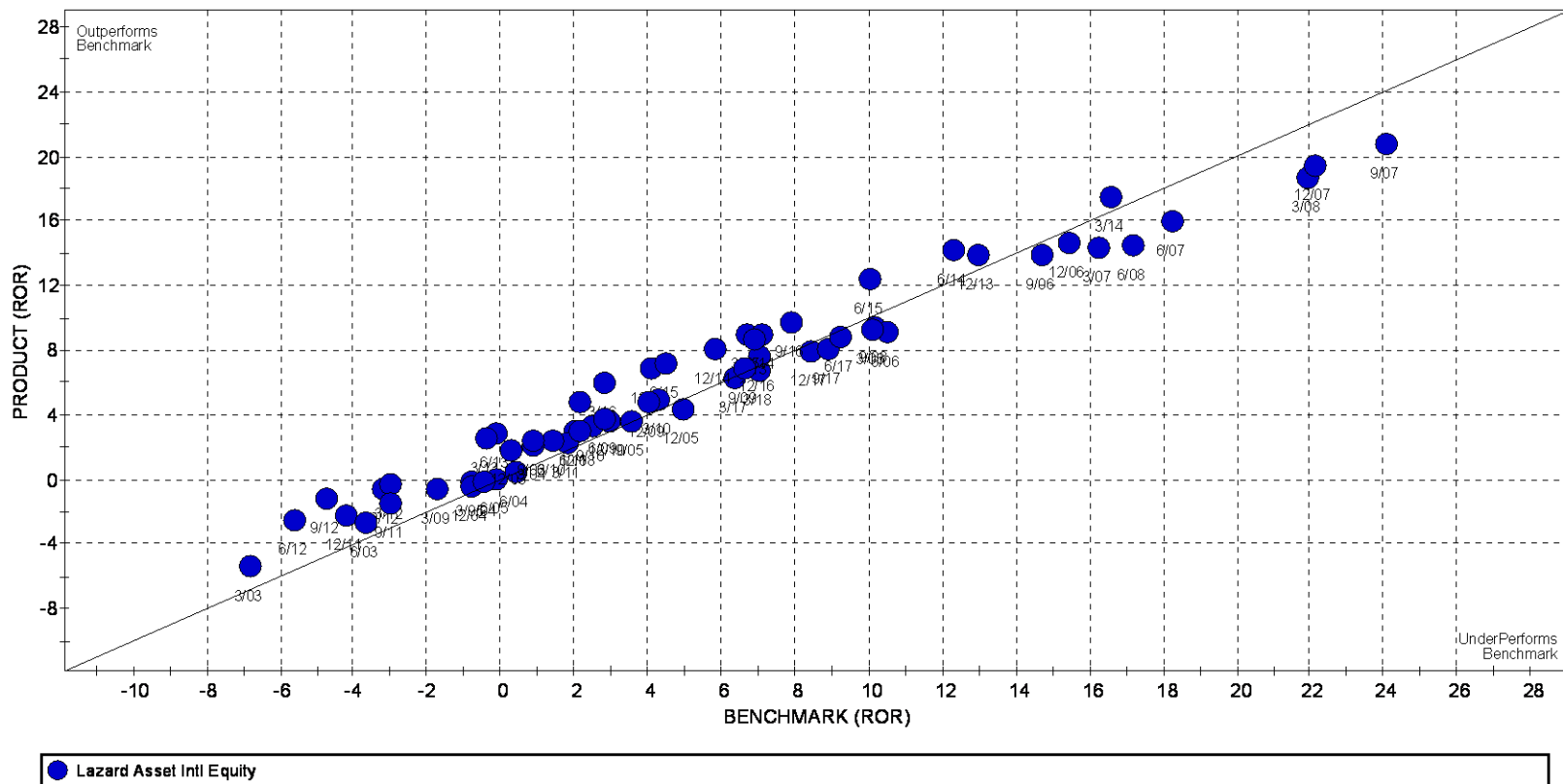
5-Year Risk Statistics

Beta: 1.05

Alpha: 1.90

NAPLES MANAGER ANALYSIS

Lazard Value [5-Year Rolling Returns]



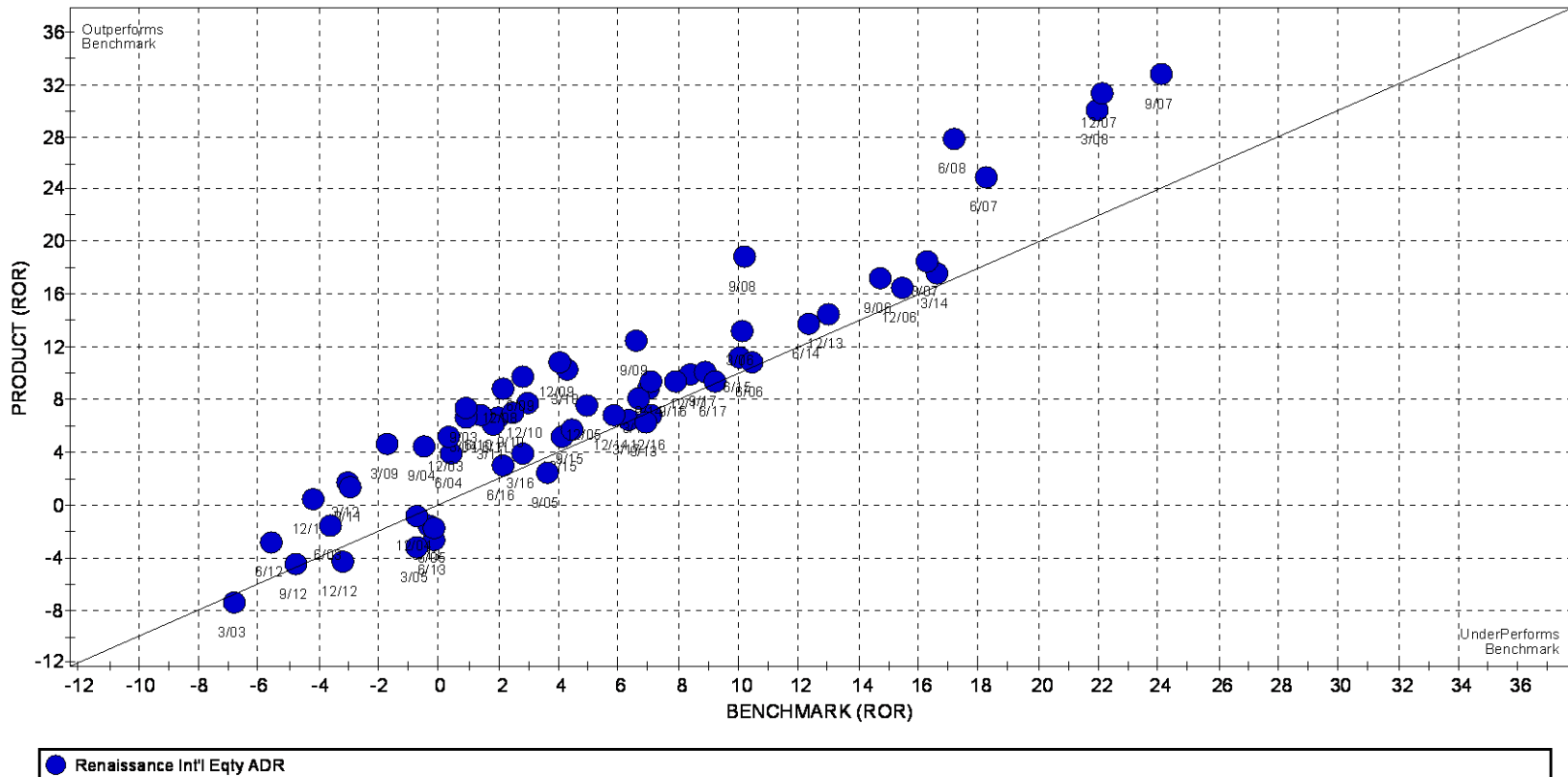
5-Year Risk Statistics

Beta: 0.88

Alpha: 0.58

NAPLES MANAGER ANALYSIS

Renaissance Growth [5-Year Rolling Returns]



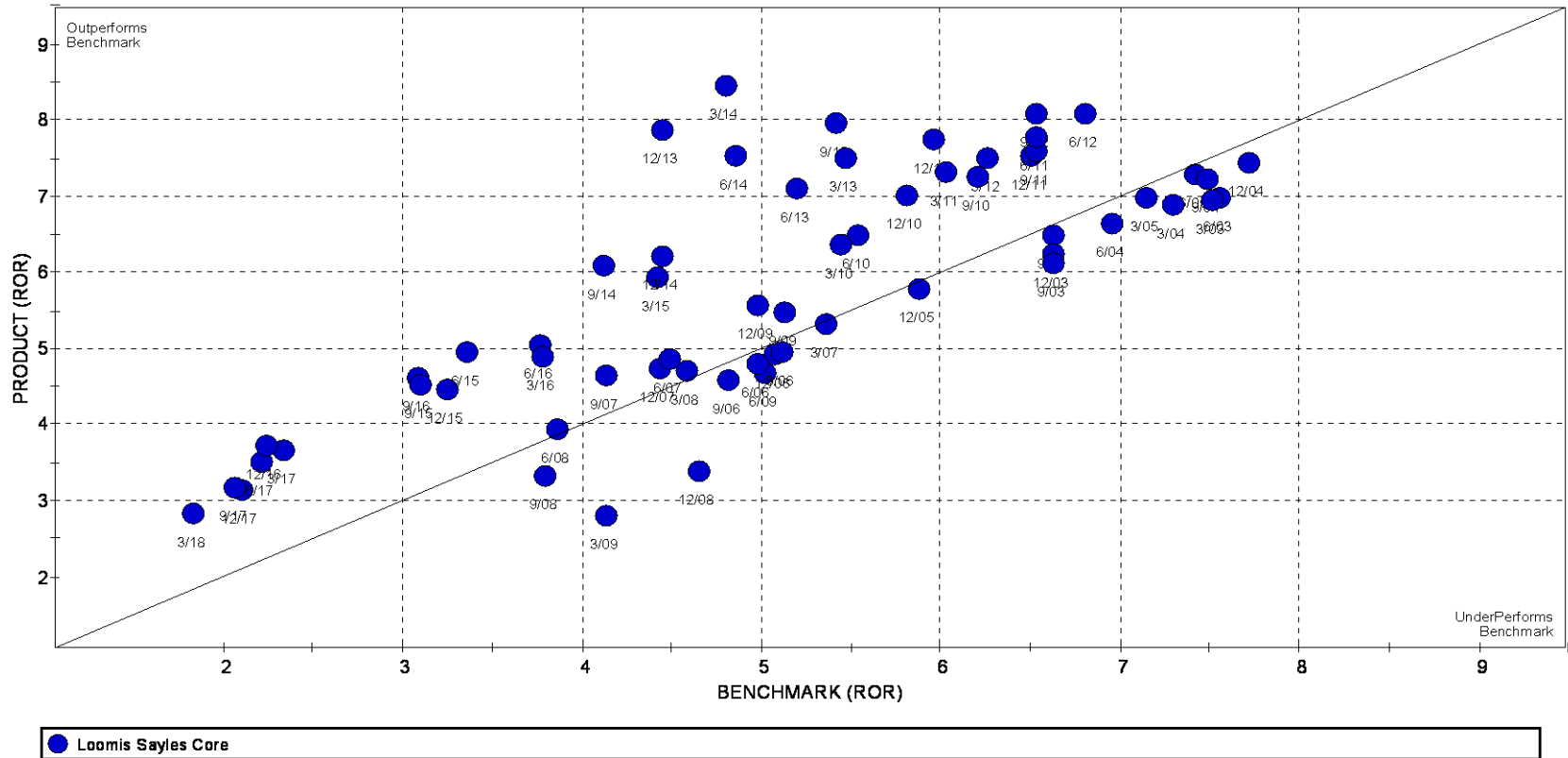
5-Year Risk Statistics

Beta: 1.14

Alpha: 1.13

NAPLES MANAGER ANALYSIS

Loomis Fixed [5-Year Rolling Returns]



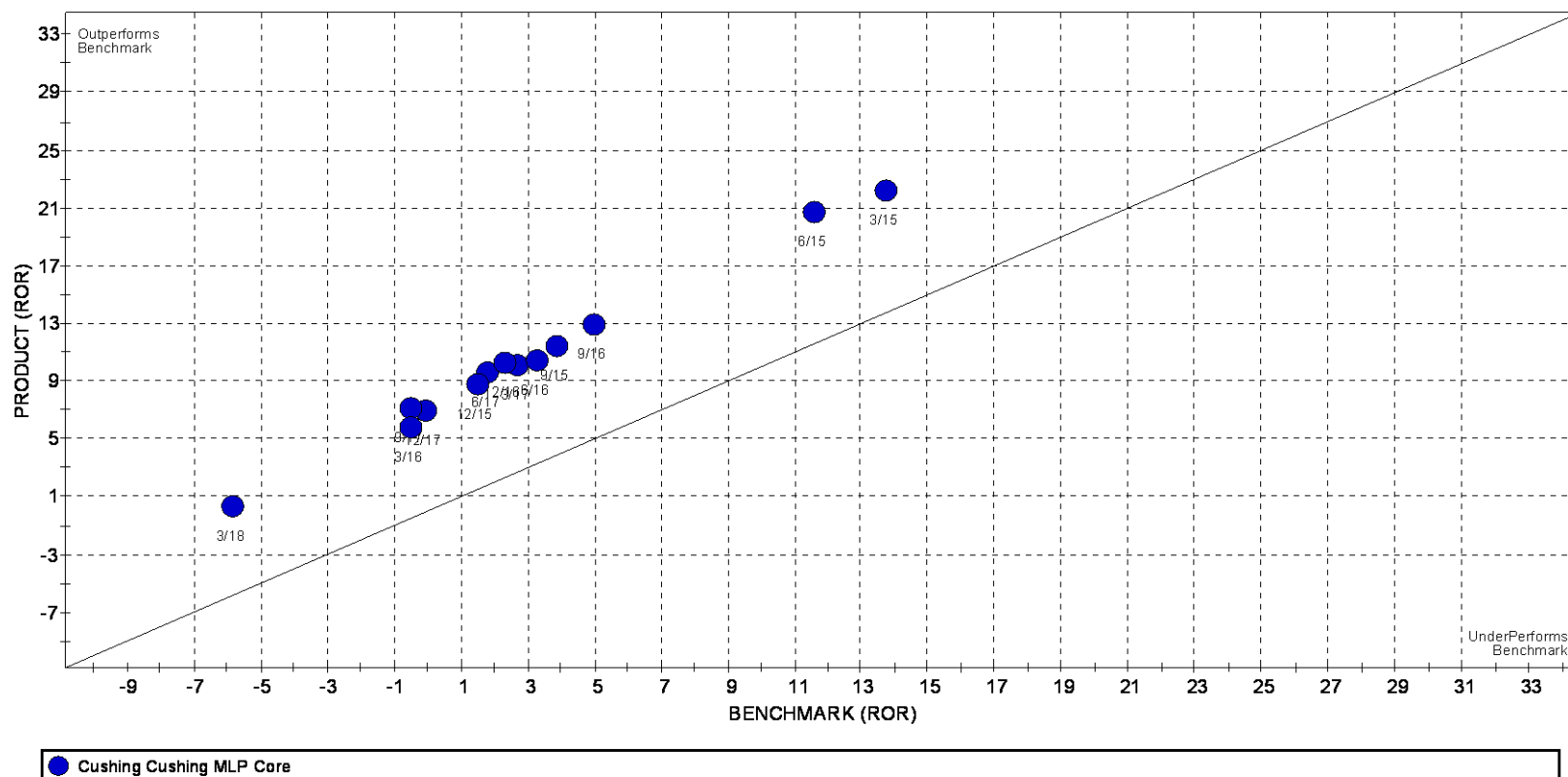
5-Year Risk Statistics

Beta: 1.05

Alpha: 0.93

NAPLES MANAGER ANALYSIS

Cushing MLP [5-Year Rolling Returns]



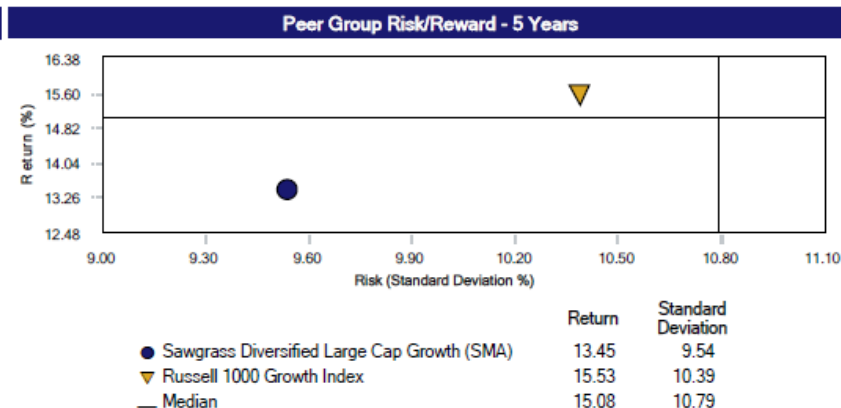
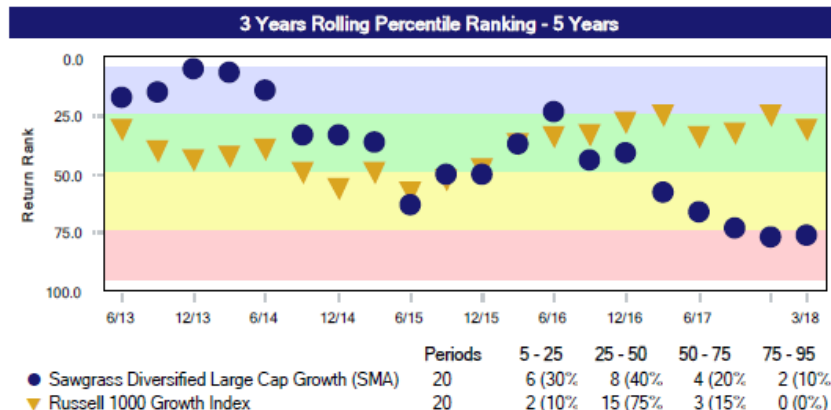
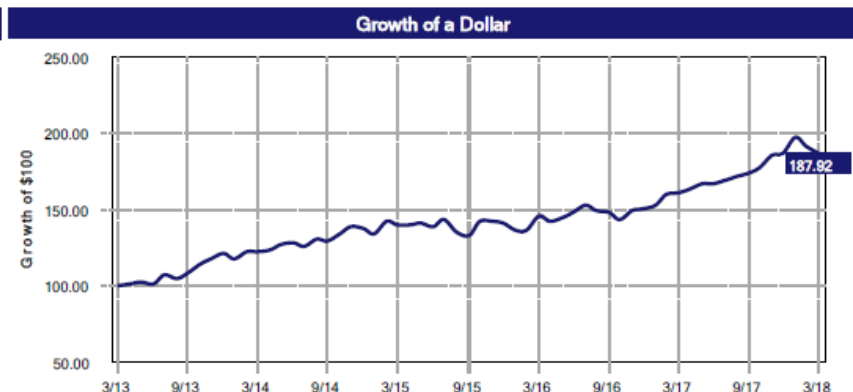
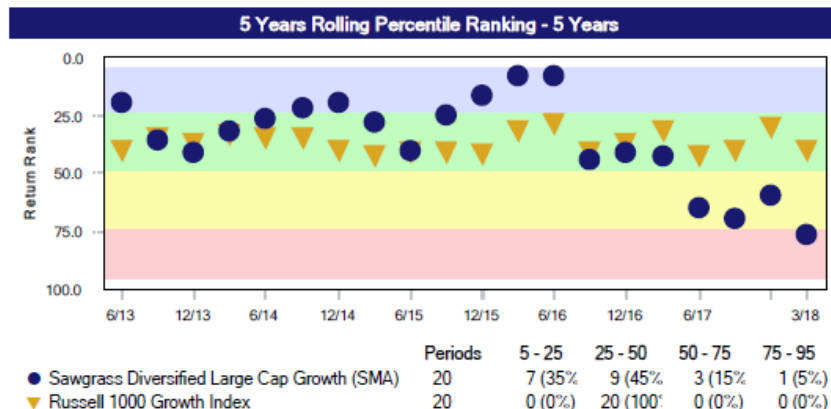
5-Year Risk Statistics

Beta: 1.11

Alpha: 7.69

ACTIVE VS. PASSIVE [LARGE GROWTH]

Sawgrass Diversified Large Cap Growth (SMA)
March 31, 2018



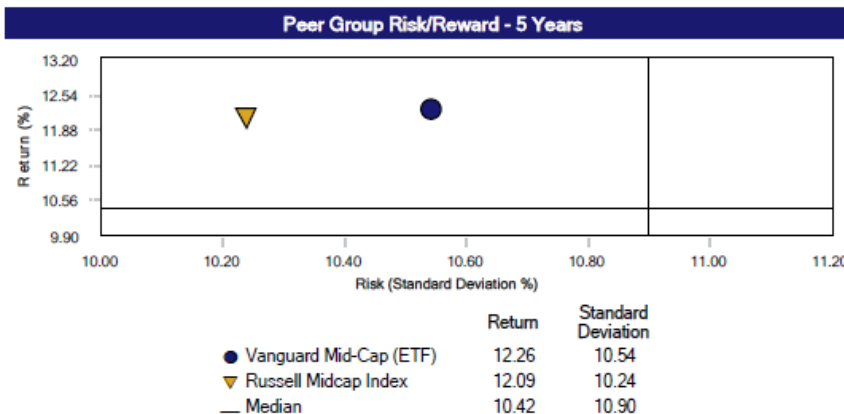
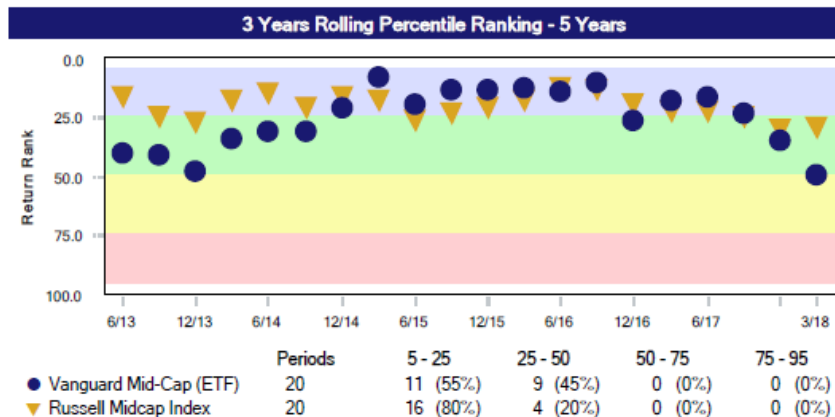
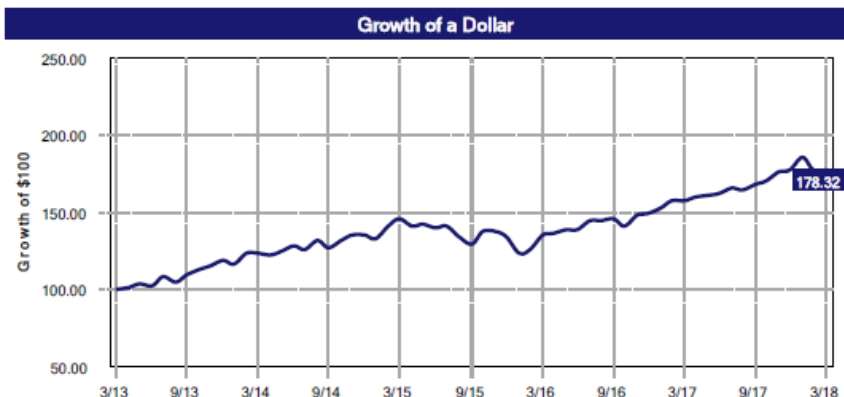
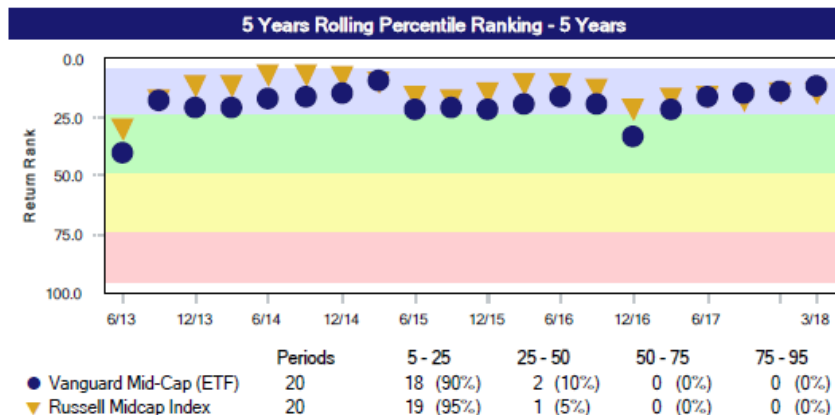
Additional Comments:

Sawgrass technology weight: 26% vs. Benchmark 40%

Top 5 Index: AAPL (7%), MSFT (5%), AMZN (5%), GOOG (5%) and FB (3%).

ACTIVE VS. PASSIVE [MID CAP]

Vanguard Mid-Cap (ETF) March 31, 2018



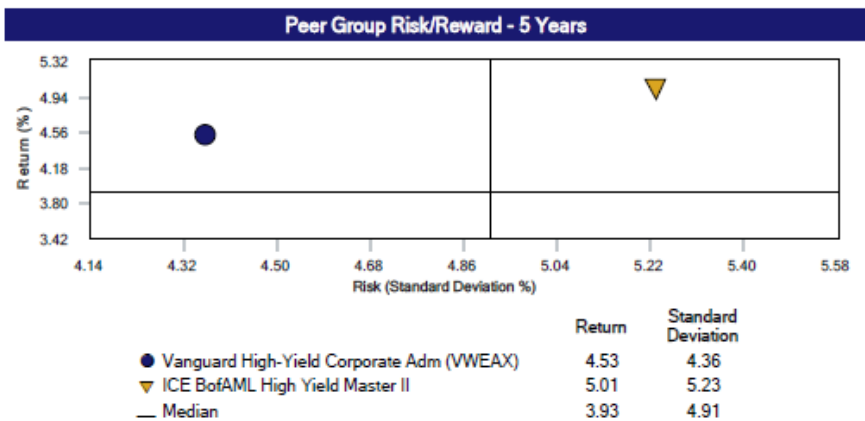
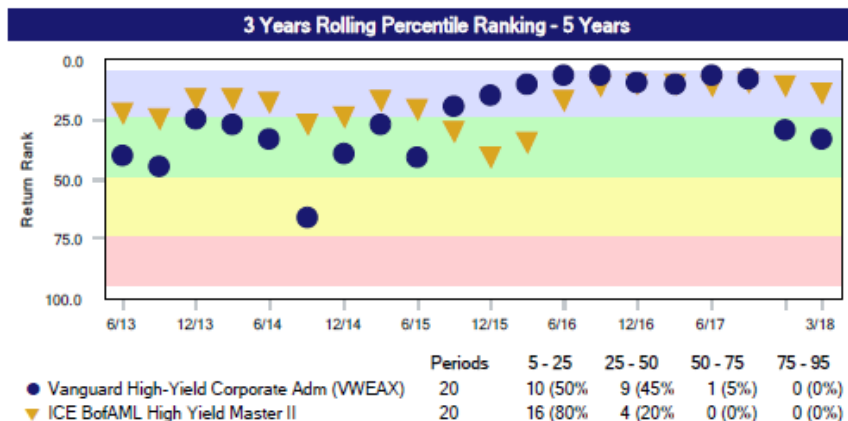
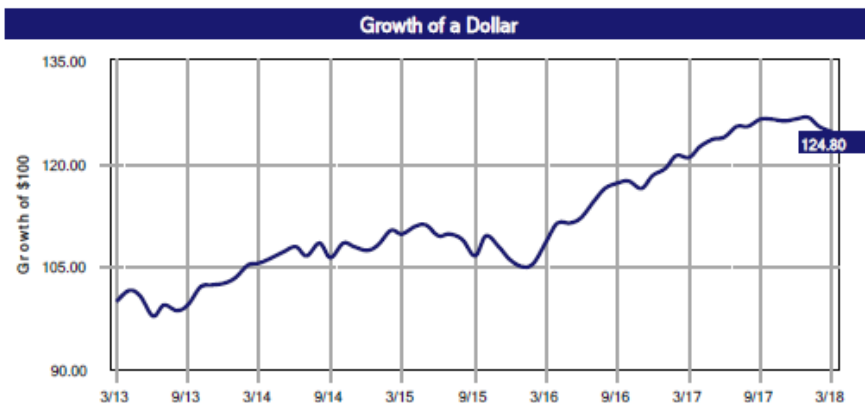
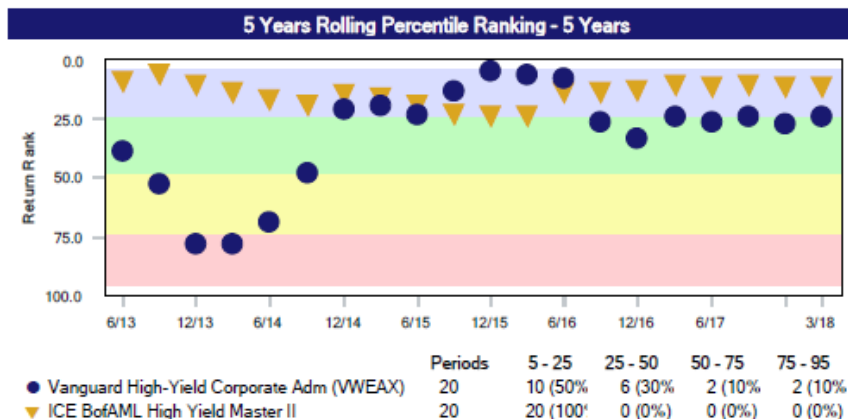
Additional Comments:

Passive investments consistently outperforms active management.

Top 5 Index: ZTS (0.6%), ILMN (0.5%), MPC (0.5%), PGR (0.5%) and ADI (0.5%).

ACTIVE VS. PASSIVE [HIGH YIELD]

Vanguard High-Yield Corporate Adm (VWEAX)
March 31, 2018

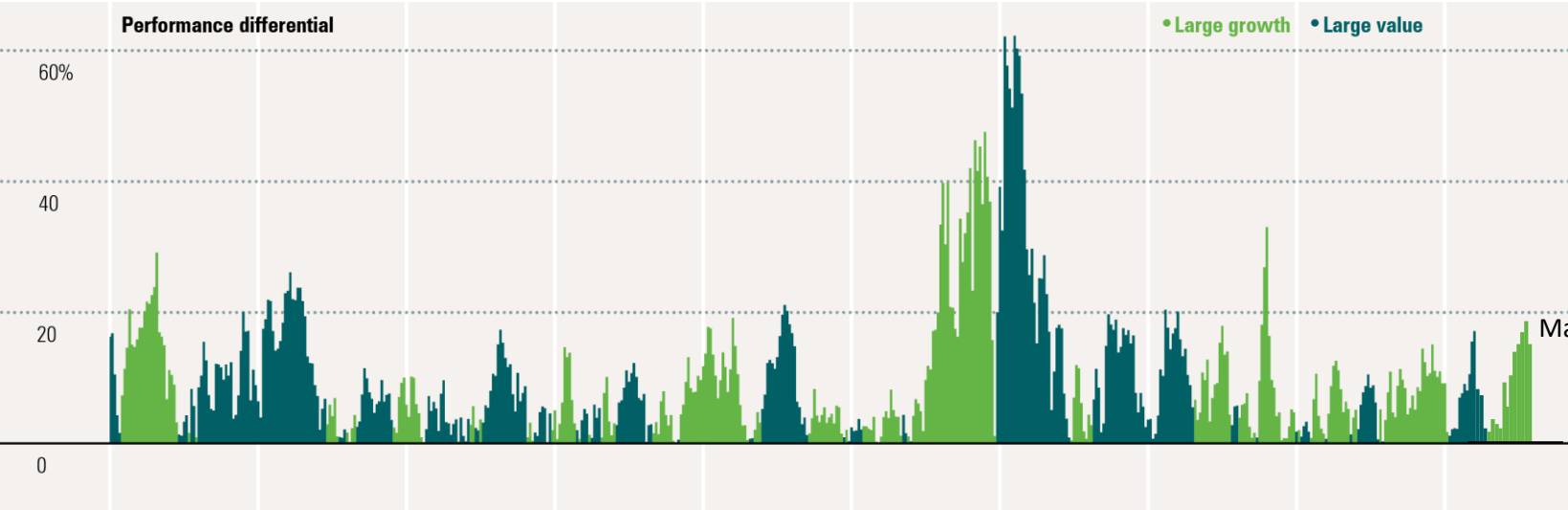


Additional Comments:

Average HY management fee is 0.61%. Vanguard is 0.13%.

There are 490 bonds in the index portfolio to diversify the default risk.

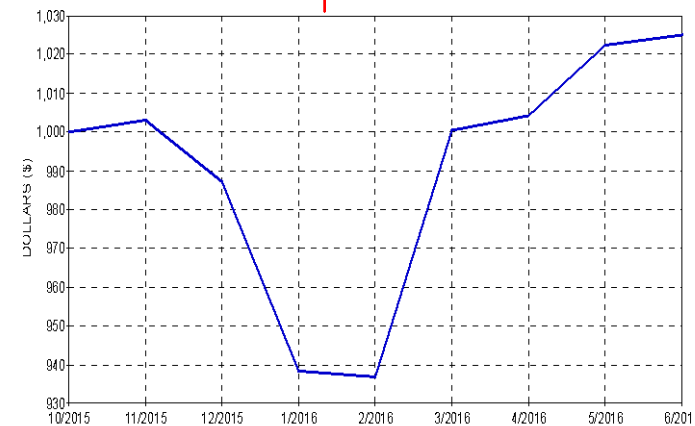
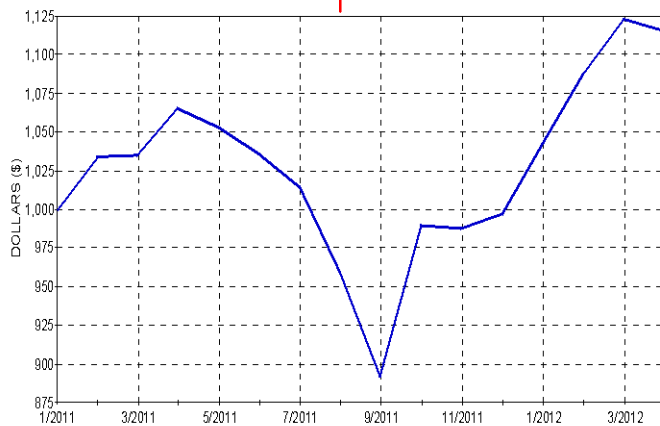
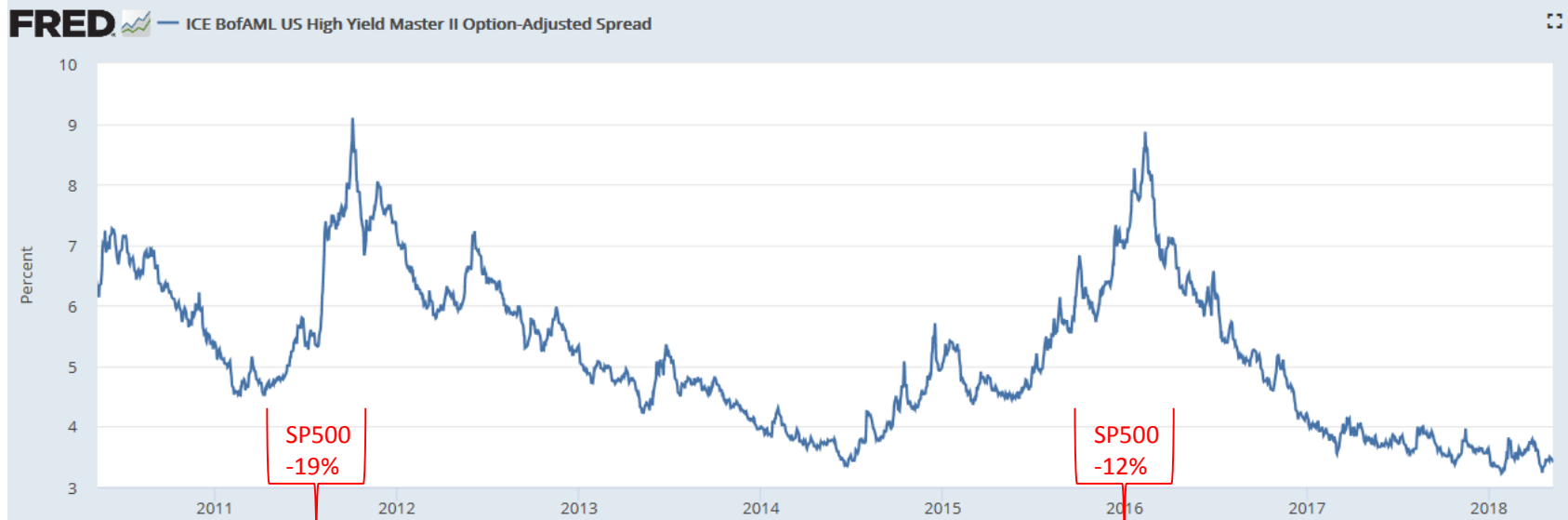
RISK MANAGEMENT [GROWTH VS. VALUE]








Additional Comments:
 Growth stocks (particularly FAANG stocks) outperformed over the past year.
 Large and small growth stocks are trading at 14% and 19% premiums, respectively.

Current P/E as % of 15-year avg. P/E*			
	Value	Blend	Growth
Large	105.6%	110.7%	114.0%
Mid	102.2%	103.3%	106.1%
Small	101.2%	109.8%	118.5%

RISK MANAGEMENT [SPREAD ANALYSIS]



RISK MANAGEMENT [HOLDINGS OVERLAP]

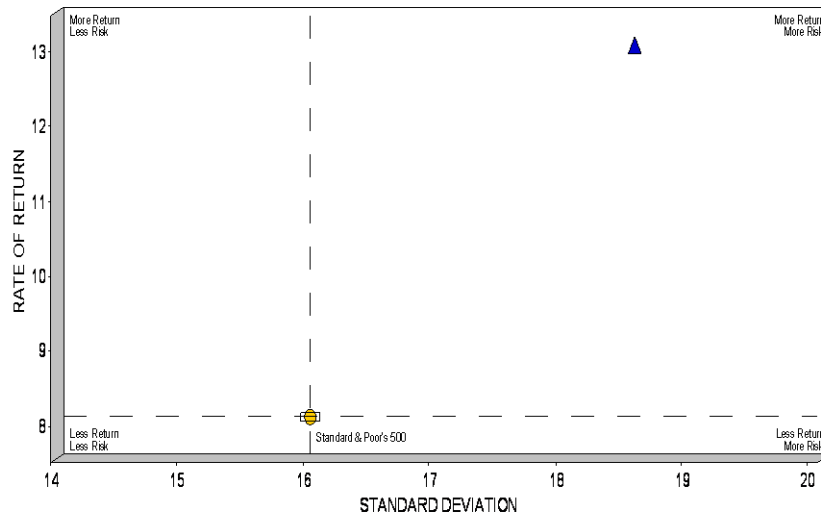
Account Net Assets (%)	Underlying Stocks/ Account Holdings	Ticker	Market Value	Stock Sector	Holding Portfolio Date
4.45	Microsoft Corp	MSFT	445.40	 Technology	
2.27	Polen Focus Growth		226.59	-	3/31/2018
1.74	Sawgrass Diversified Large Growth Equity		174.42	-	3/31/2018
0.44	Rothschild U.S. Large-Cap Value		44.40	-	3/31/2018
3.23	Oracle Corp	ORCL	322.58	 Technology	
1.65	Polen Focus Growth		165.39	-	3/31/2018
0.89	Sawgrass Diversified Large Growth Equity		88.76	-	3/31/2018
0.68	Rothschild U.S. Large-Cap Value		68.43	-	3/31/2018
3.15	Adobe Systems Inc	ADBE	314.97	 Technology	
3.15	Polen Focus Growth		314.97	-	3/31/2018
2.79	Nike Inc B	NKE	278.98	 Consumer Cyclical	
1.91	Polen Focus Growth		191.34	-	3/31/2018
0.88	Sawgrass Diversified Large Growth Equity		87.65	-	3/31/2018
2.44	Alphabet Inc A	GOOGL	244.14	 Technology	
1.62	Sawgrass Diversified Large Growth Equity		161.99	-	3/31/2018
0.82	Polen Focus Growth		82.15	-	3/31/2018

Additional Comments:

Since 42.5% of the portfolio is invested in Large Cap securities, overlap analysis should be performed periodically. Four out of five of the largest holdings are Technology companies.

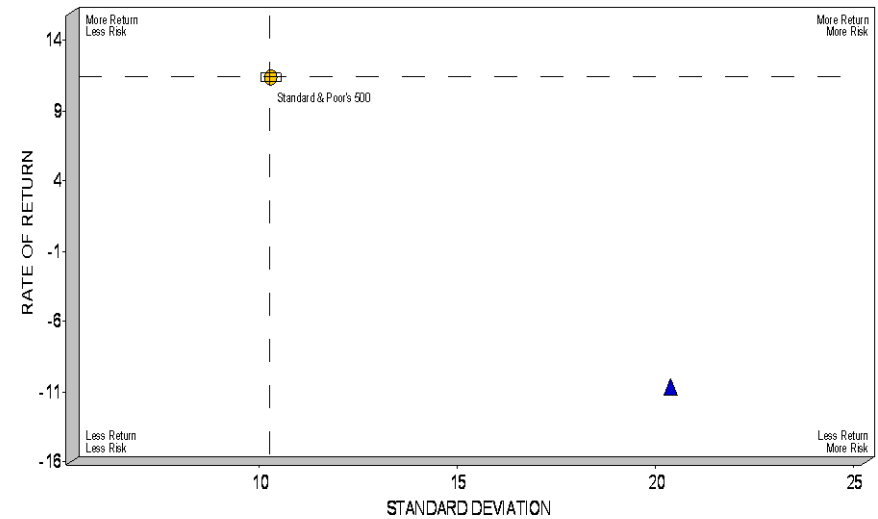
RISK MANAGEMENT [MLP ANALYSIS]

MARCH 31, 2005 TO MARCH 31, 2015



	ROR	Std Dev Pop	Alpha	Beta	R-Squared
▲ Alerian MLP Index	12.98	18.58	7.13	0.75	0.42
● Standard & Poor's 500	8.01	16.00	0.00	1.00	1.00

MARCH 31, 2015 TO MARCH 31, 2018



	ROR	Std Dev Pop	Alpha	Beta	R-Squared
▲ Alerian MLP Index	-11.24	20.21	-21.67	1.38	0.47
● Standard & Poor's 500	10.78	10.11	0.00	1.00	1.00

Additional Comments:

Beta profile changed from 0.75 to 1.38.

Standard Deviation is now twice of the S&P 500 index.

The asset class is undergoing structural changes.

THANK YOU

Since 1988, BCA has specialized in Florida defined benefit plans, providing our clients with independent and objective advice. We are committed to the highest level of fiduciary care, and it would be our pleasure to serve you and your employees.

*-Frank Wan, Senior Vice President
Phone: 407 644 0111
Direct: 407 218 6451
Email: fwan@burgesschambers.com*

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:10 AM
To: Greg Givens
Subject: FW: RFP Reference - BCA

From: Elizabeth Willis
Sent: Tuesday, March 20, 2018 12:09 PM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP Reference - BCA

From: New Smyrna Police Pension <nsbpolicepension@gmail.com>
Sent: Tuesday, March 20, 2018 12:07 PM
To: Elizabeth Willis <ewillis@naplesgov.com>
Subject: Re: RFP Reference - BCA

CAUTION: This email originated from outside of the City of Naples e-mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

1. How long have you been doing business with the consultant? 10+ years
2. What is the response time to your questions or requests? within minutes
3. What are some of the things you wish the consultant would do differently? no
4. Is the consultant receptive to new ideas/suggestions? yes
5. Are the consultant's fees appropriate for the services received? yes
6. What percentage of your portfolio is passive investments?
7. What was your overall return last year? 13.3% net
8. Does the consultant exceed your expectations? Would you rehire them again? yes and yes
9. Is there anything else we should consider before hiring this consultant? no

On Mon, Mar 19, 2018 at 11:11 AM, New Smyrna Beach Police Pension <nsbpolicepension@aol.com> wrote:

Thank you,
Tara Spini, Plan Administrator
NEW SMYRNA POLICE PENSION
6307 Palmas Bay Circle
Port Orange, FL 32127
386-689-7292

-----Original Message-----

From: Elizabeth Willis <ewillis@naplesgov.com>
To: nsbpolicепension <nsbpolicепension@aol.com>
Sent: Thu, Mar 15, 2018 1:02 pm
Subject: RFP Reference - BCA

Good Afternoon:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Burgess Chambers & Associates. Could you please take a moment to answer a few questions regarding your experience with Burgess Chambers & Associates?

1. How long have you been doing business with the consultant?
2. What is the response time to your questions or requests?
3. What are some of the things you wish the consultant would do differently?
4. Is the consultant receptive to new ideas/suggestions?
5. Are the consultant's fees appropriate for the services received?
6. What percentage of your portfolio is passive investments?
7. What was your overall return last year?
8. Does the consultant exceed your expectations? Would you rehire them again?
9. Is there anything else we should consider before hiring this consultant?

Kindly reply to this email. Thank you in advance for your time.

Liz Willis
Senior Accountant
City of Naples
[735 8th Street South](#)
Naples, Florida 34102

Office: [\(239\) 213-1814](tel:(239)213-1814)
Fax: [\(239\) 213-7105](tel:(239)213-7105)

ewillis@naplesgov.com

--
Thank you,
Tara Spini, Plan Administrator
NEW SMYRNA POLICE PENSION
6307 Palmas Bay Circle
Port Orange, FL 32127
386-689-7292

Elizabeth Willis

From: Tim Lancaster <Tim.Lancaster@palmbayflorida.org>
Sent: Saturday, March 17, 2018 11:41 AM
To: Elizabeth Willis
Subject: RE: RFP Reference - BCA

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Mrs. Willis,

Below are the answers to your questions:

1. How long have you been doing business with the consultant? **Since 2008**
2. What is the response time to your questions or requests? **Prompt response**
3. What are some of the things you wish the consultant would do differently? **All expectations met**
4. Is the consultant receptive to new ideas/suggestions? **Our consultant is Larry Cole and he is very open to ideas and discussion**
5. Are the consultant's fees appropriate for the services received? **Yes**
6. What percentage of your portfolio is passive investments? **0**
7. What was your overall return last year? **12.2%**
8. Does the consultant exceed your expectations? **Yes**. Would you rehire them again? **Absolutely**
9. Is there anything else we should consider before hiring this consultant? **Always been impressed with BCA**

Tim Lancaster
Chairman, Palm Bay Police and Fire Pension Fund

From: Elizabeth Willis [mailto:ewillis@naplesgov.com]
Sent: Thursday, March 15, 2018 1:03 PM
To: Tim Lancaster <Tim.Lancaster@palmbayflorida.org>
Subject: RFP Reference - BCA

Good Afternoon:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Burgess Chambers & Associates. Could you please take a moment to answer a few questions regarding your experience with Burgess Chambers & Associates?

1. How long have you been doing business with the consultant?
2. What is the response time to your questions or requests?
3. What are some of the things you wish the consultant would do differently?
4. Is the consultant receptive to new ideas/suggestions?
5. Are the consultant's fees appropriate for the services received?
6. What percentage of your portfolio is passive investments?
7. What was your overall return last year?
8. Does the consultant exceed your expectations? Would you rehire them again?
9. Is there anything else we should consider before hiring this consultant?

Kindly reply to this email. Thank you in advance for your time.

Liz Willis

Senior Accountant
City of Naples
735 8th Street South
Naples, Florida 34102

Office: (239) 213-1814
Fax: (239) 213-7105

ewillis@naplesgov.com

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Promoting a Green Palm Bay - Please consider the environment before printing this e-mail!



INSTITUTIONAL CONSULTING SERVICES

Graystone Consulting Tampa

100 North Tampa Street • Suite 3000 • Tampa, FL 33602

Phone: 813.227.2061

charles.mulfinger.ii@msgraystone.com

scott.owens@msgraystone.com

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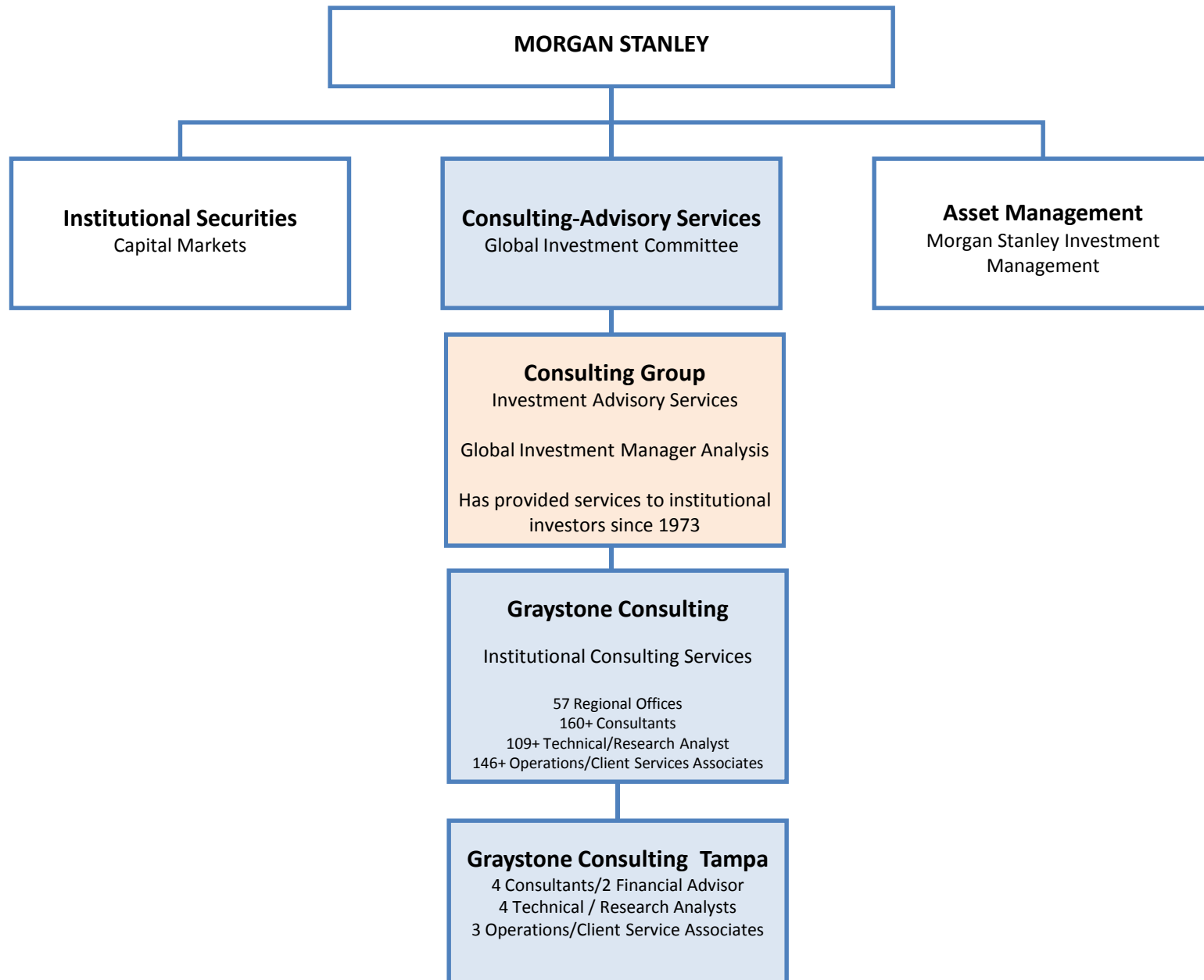
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- Proposed Services & Fees pg 30

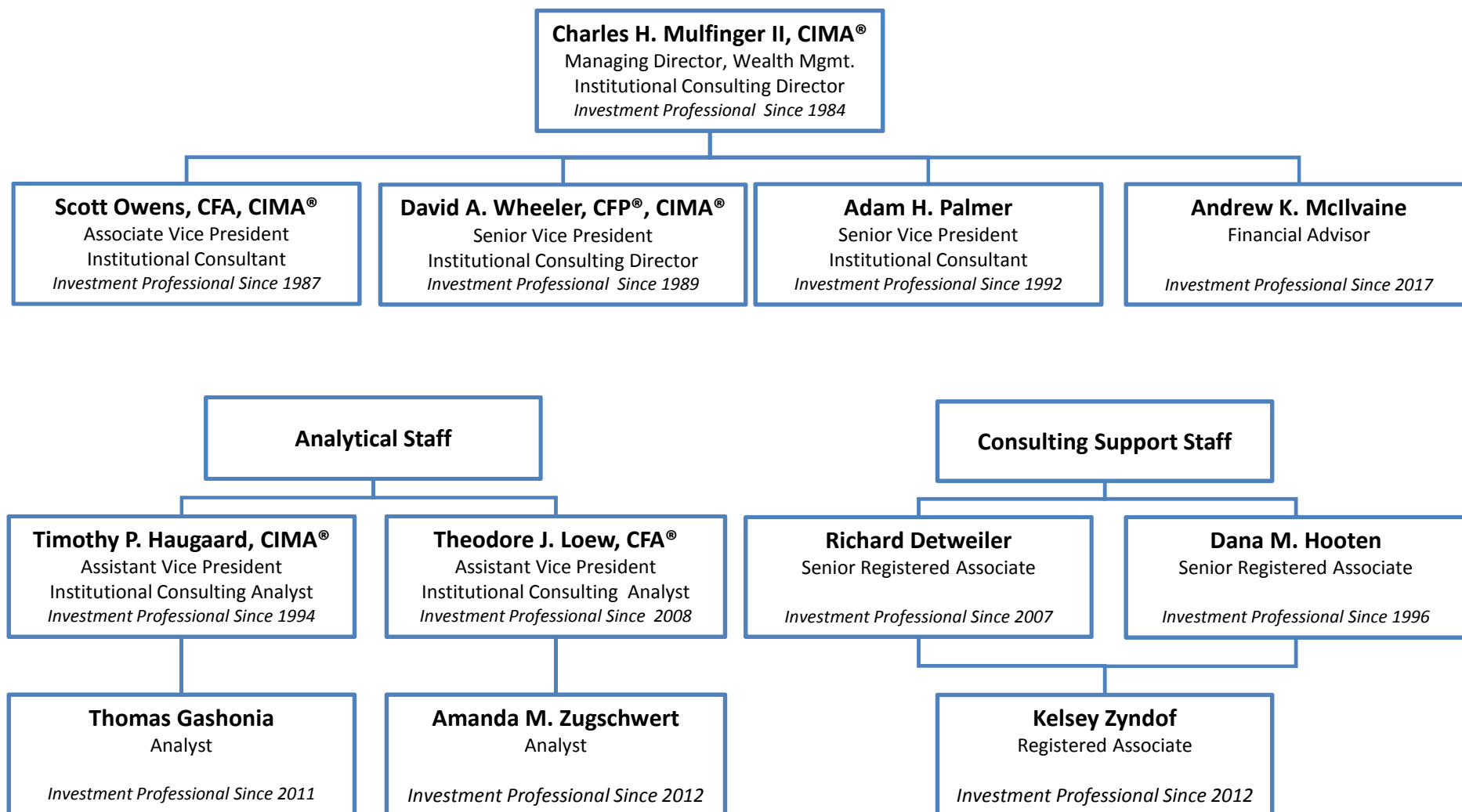
Graystone
Consulting

ORGANIZATION OVERVIEW

Organization Overview - Morgan Stanley



Key Relationship Personnel – Graystone Consulting

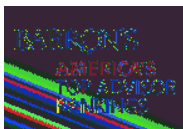


Consultants Assigned to the City of Naples



Charles H. Mulfinger II, CIMA®

Managing Director, Wealth Management
Institutional Consulting Director
Alternative Investment Director



- B.B.A. from Stetson University (Cum Laude)– Major: Finance, Commencement Speaker, M.B.A from Florida State University.
- IMCA Certified Investment Management Analyst (C.I.M.A.) designation - Wharton School of Business, Univ. of PA.
- Member of Investment Management Consultants Association (IMCA) & Florida Public Pension Trustees Association (FPPTA).
- Barron's "Top 1,200 Advisors" list 2010 through 2018, Barron's 2018 Top 100 List, 2018 Forbes Best-in-State Wealth Advisor
- Original member of Graystone Consulting.



Scott Owens, CFA®, CIMA®

Associate Vice President
Institutional Consultant

- Bachelor of Science degrees in both Finance & Economics from the Florida State University
- Chartered Financial Analyst (CFA) designation
- Member of the Chartered Financial Analyst Institute (CFA), Investment Management Consultants Association (IMCA), & Florida Public Pension Trustees Association (FPPTA)
- Scott has been in the financial services field since 1987
- He currently resides at Harbor Island, Tampa



David A. Wheeler, CFP®, CIMA®

Senior Vice President
Institutional Consulting Director

- Graduate of the University of Florida Bachelor of Science in Business Administration
- CERTIFIED FINANCIAL PLANNER™
- Certified Investment Management Analyst (CIMA) Wharton School University of Pennsylvania
- Joined Graystone Consulting or predecessor firms in 1989.
- Resides in the Carrollwood Area with his Wife, Lori and Three Sons



Adam H. Palmer

Senior Vice President
Institutional Consultant
Alternative Investment Director

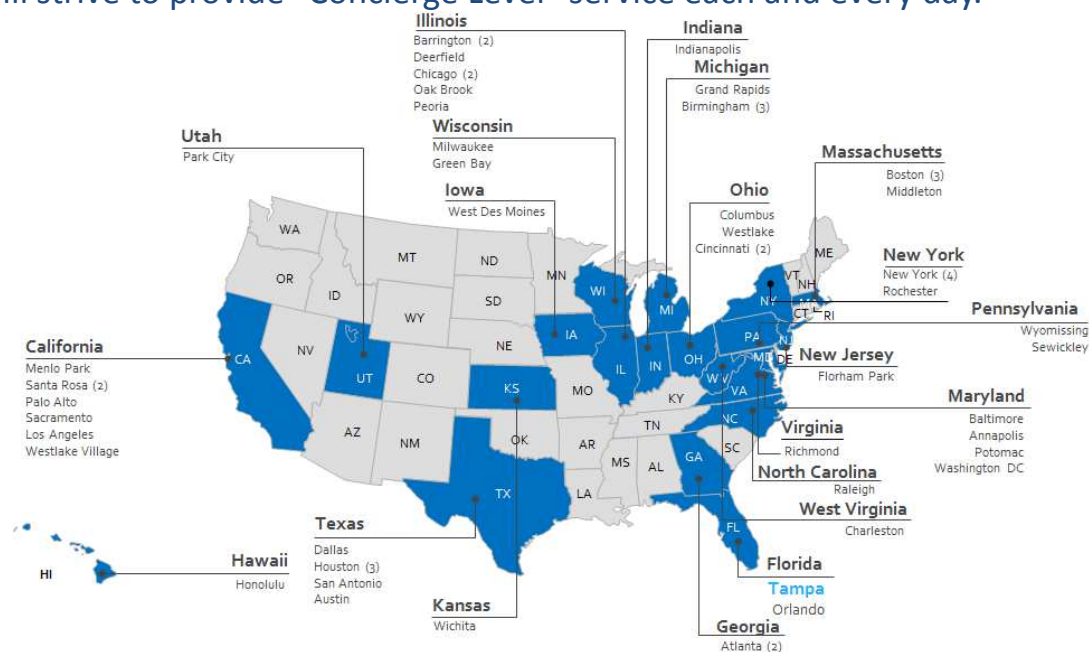
- New Jersey Institute of Technology - Majored in Business Administration/Finance while on full Basketball Scholarship.
- Competed Professionally in Basketball in Europe Before Entering the Financial Services Industry in 1992.
- Serves on the Board of Trustees of the Straz Center for Performing Arts, University of Tampa's Financial Ambassador Council, and is currently Chairman of the Board for a Kid's Place of Tampa Bay.
- Lives in South Tampa with his wife Elizabeth and Sons, Max & Sam.

Graystone
Consulting

COMPETITIVE ADVANTAGE

Competitive Advantage – Graystone Consulting

- **Nationwide Scope / Local Presence** - Select group of 57 highly qualified, experienced institutional consulting teams in geographically diverse locations across North America.
- **Graystone Consulting Directors** - Consulting teams led by Graystone Consulting Directors – seasoned professionals with an average of more than 20 years of investment experience.
- **Investment Consultant Consistency** - For the life of the relationship your investment consultants will remain the same. Accounts are not subject to assignment by Morgan Stanley.
- **Trustee Education** - As a true consultant and fiduciary, we believe our role is to educate our clients about the elements of a disciplined investment process, help execute the process, and document the process.
- **"Concierge Level" Service** - In addition to the periodic review and strategy meetings between the trustees and our firm, we will strive to provide "Concierge Level" service each and every day.



What to expect from your Graystone Consultants

True Independence - We only recommend investment vehicles to our clients that are unaffiliated with our firm or parent companies from a database of 27,500 investment products from over 2000 investment managers.

Research - Access to world-class research services of the Investment Advisor Research Team, one of the industry's largest staff of experienced research professionals – more than 142 – who regularly review a broad range of separately managed accounts, ETFs, and mutual fund.

True Fiduciary Protection - Graystone Consulting will acknowledge in writing that we are fiduciary as it pertains to the investment consulting services we provide.

Experience and Knowledge - Performing Institutional Consulting services since 1973.

Secular / Strategic / Tactical Asset Allocation - Using a disciplined process of fundamental research and a comprehensive analysis of economic, market and political conditions, our GIC assists Graystone Consulting teams in providing secular (20 years) and strategic (7 years) asset allocation advice to our clients. The GIC uses forward-looking returns, historical standard deviations, and forward-looking and historical correlations in determining expected return and risk on asset class indexes.

The GIC is comprised of the following members:

- The Global Investment Committee (GIC) makes the return/risk assumptions for consultants, and is made up of senior professionals and noted authorities from across Morgan Stanley LLC:
- The GIC provides monthly commentary about tactical over-weights and underweights to various asset classes
- The GIC also provides various asset allocation models, both tactical and strategic, for investors of various asset sizes and risk tolerances

Michael Wilson

Chief Investment Officer, Morgan Stanley Wealth Management

Lisa Shalett

Head of Investment & Portfolio Strategies, Morgan Stanley Wealth Management

Rui De Figueiredo

Co-Head and CIO of Solutions and Multi-Asset Group, Morgan Stanley Investment Management

Martin L. Leibowitz

Global Research Strategy, Morgan Stanley & Co.

Andrew Sheets

Chief Cross-Asset Strategist, Morgan Stanley & Co.

Andrew Slimmon

Head of Applied Equity Advisors, Morgan Stanley Wealth Management

Vishwanath Tirupattur

Head of US Fixed Income Research, Morgan Stanley & Co.

Competitive Advantage - Institutional Assets

Consulting Group Institutional Services & Graystone Consulting Client Data as of 12/31/2017

Client Type	Accounts as of 12/31/17	Assets as of 12/31/17	% of Total
Public Fund	465	\$28,581,421,483	9%
Foundations / Endowments / Other Non-Profit ¹	1,666	\$51,562,859,634	17%
401k/Defined Contribution	1,713	\$65,196,635,073	21%
High Net Worth / Private Family Office	869	\$15,072,903,555	5%
Taft Hartley	750	\$69,724,267,885	23%
Corporations	1,691	\$63,693,535,609	21%
Insurance Company	98	\$5,631,917,035	2%
Hospital/Healthcare	336	\$9,955,384,287	3%
Other	3	\$185,923,953	0%
Grand Total	7,591	\$309,604,848,514	100%

¹Other Non-Profit Organizations (NPO) include Educational & Faith Based Institutions

Source: Consulting Group

The information presented shows the total institutional consulting assets of Morgan Stanley Wealth Management as of December, 2017
Morgan Stanley Smith Barney LLC. Consulting Group and Graystone Consulting are businesses of Morgan Stanley Smith Barney LLC.

Competitive Advantage – Focus on Public Plans

Public Defined Benefit Plans

Alpharetta Defined Benefit Pension Plan
 Aventura Police Pension Fund
 Birmingham Retirement and Relief System
 Birmingham Firefighters' and Police Officers' S.P.
 Bushnell Regular & Police Pension Plan
 Dania General Employees' Retirement Fund
 Deerfield Beach Non-Uniformed Employees' Pension
 DeLand Fire & General Employees' Retirement Plans
 Frostproof Police Officers' Pension
 Golden Beach Police & General Retirement Fund
 Hallandale Beach Police & Firefighters' Retirement
 Holly Hill Municipal Police Officers' Retirement Fund
 Leesburg Retirement Plan for General Employees
 Live Oak Firefighters' Pension
 Longboat Key General, Police, & Firefighters' Retirement System
 Madison Police & Firefighters' Pension Plan
 Marco Island Fire & Police Pensions
 Naples Police, Fire & General Retirement Trust Funds
 New Smyrna Beach Firefighters' Retirement Trust
 North Miami Beach General, Police & Fire Pension Plans
 Ormond Beach General, Police & Fire Pension Plans
 Palmetto General Employees' Retirement Fund

Pompano Beach Police & Firefighters' Pension Plans
 Sarasota General & Firefighters' Pension Trust Funds
 Sebastian Police Officers' Retirement System
 Seminole Municipal Firefighters' Pension Trust Fund
 St. Johns River Power Park/JEA
 St. Petersburg Beach General Employees' Pension Plan
 St. Petersburg Employees' & Police Retirement Systems
 Tamarac Firefighters' Pension Trust Fund

State Plans

Mississippi Prepaid Affordable College Tuition Program
 Mississippi Windstorm Underwriting Association

Public Health Insurance Trusts

Dade County Firefighters' Insurance Trust Fund
 Fort Lauderdale Fraternal Order of Police Insurance Trust
 Fort Lauderdale Firefighters' Insurance Trust
 Fort Myers VEBA
 Gainesville OPEB, Retiree Health & Disability Funds
 Miramar Firefighters' Local 2820 VEBA Trust Fund
 Sarasota Firefighters' Insurance Trust
 Sarasota OPEB Trust Fund

The listed clients include both Graystone Consulting, a business of Morgan Stanley Smith Barney LLC ("MSSB"), and MSSB institutional clients who may participate in various advisory programs and it is not known whether all of the listed clients approve or disapprove of the services they receive through the firm. We included a sampling of institutional advisory clients on this list that have given us permission to do so.

Competitive Advantage – National Recognition

Barron's Top 50 Institutional Consultants Ranking *₁

Graystone Consulting Tampa Ranked in top 20 Institutional Advisors 2016-2018

Graystone Consulting had 17 spots, 5 of top 10, and 11 of top 20 in 2018

Morgan Stanley Consulting Group Ranking

#1 Number of Public/Government Clients *₂

#1 Number of Defined Benefit Plan Clients *₂

Toughest Due Diligence

Due Diligence process for managed accounts ranked highest by Fund Fire Magazine ₃

Greenwich Associates Study

Greenwich interviewed 1,600+ of the largest corporate funds, public funds and endowments with total assets exceeding \$4 trillion (2/3 of market).

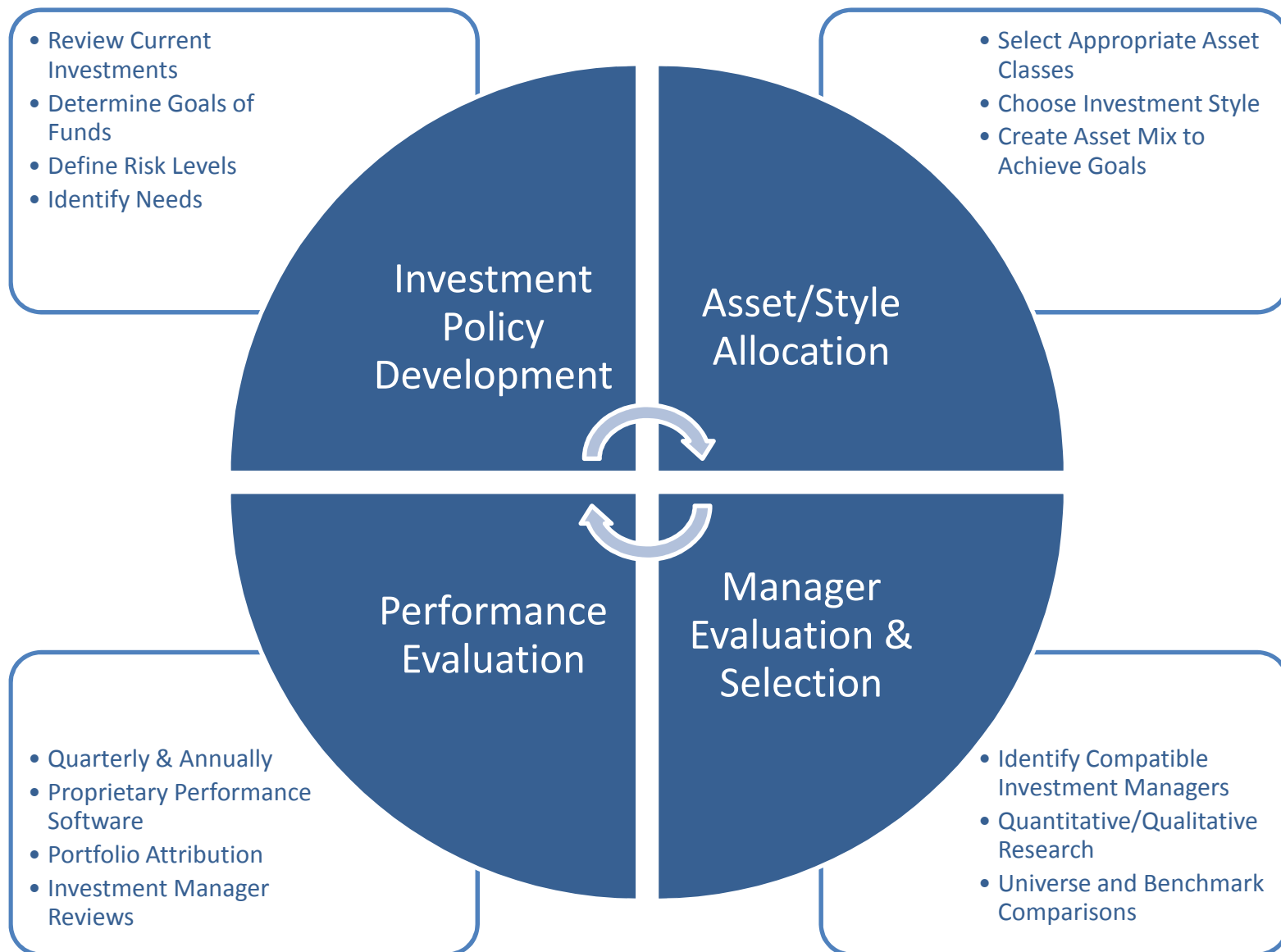
The Results

Consulting Group Ranked at the very top of the 1st Quintile in:

1. Capability of consultants
2. Providing Proactive Advice & Innovative Ideas
3. Advice on Long-term Asset Allocation
4. Knowledge of Investment Managers
5. Understanding client Goals & Objectives
6. Credibility with Investment Committee
7. Timely communication of changes in manager ratings
8. Reasonable fee relative to value added

Graystone
Consulting

**GRAYSTONE CONSULTING
PROCESS**



3 Objectives of an Investment Policy Statement:

1. PROTECT – Legal Document
2. GUIDE – Establish Blueprint
3. MEASURE – Evaluate Performance

20-Year Secular & 7-Year Strategic Return Expectations & Risk Tolerance for Asset Classes

	Secular Forecasts		Strategic Forecasts	
	Return	Volatility	Return	Volatility
Cash & Bonds				
Ultra-Short Fixed Income	3.4%	0.9%	2.3%	0.9%
Short Term Fixed Income	3.6%	1.4%	2.6%	1.4%
US Fixed Income	4.9%	5.3%	3.4%	5.3%
Municipal Bond	3.5%	6.7%	3.2%	6.7%
International Fixed Income	4.6%	4.2%	2.0%	4.2%
Inflation-Linked Securities	5.9%	7.5%	1.8%	7.5%
High Yield	7.2%	8.3%	3.8%	8.3%
Emerging Markets Fixed Income	7.7%	12.3%	5.8%	12.3%
Convertible Bond	8.4%	8.9%	4.6%	8.9%
Equities				
US Large Cap Growth Equity	10.4%	16.8%	4.3%	15.7%
US Large Cap Value Equity	10.1%	14.4%	5.9%	13.7%
US Mid Cap Growth Equity	11.6%	19.9%	4.6%	18.5%
US Mid Cap Value Equity	10.9%	15.5%	6.2%	14.8%
US Small Cap Growth Equity	12.5%	22.3%	6.3%	21.1%
US Small Cap Value Equity	11.6%	17.2%	6.6%	16.8%
Europe Equity	8.7%	17.3%	6.9%	16.4%
Japan Equity	9.4%	20.7%	7.0%	20.0%
Asia Pacific ex Japan Equity	12.0%	23.0%	8.0%	21.9%
Emerging Markets Equity	13.6%	22.7%	8.4%	21.6%
Non-Traditional Asset Classes*				
Absolute Return Assets	5.5%	4.0%	3.5%	4.0%
Equity Hedge Assets	6.1%	8.2%	4.6%	8.2%
Equity Return Assets	7.6%	8.1%	4.7%	8.1%
Real Estate Investment Trusts	9.3%	16.7%	7.1%	16.7%
Commodities	5.4%	14.5%	4.4%	14.5%
Master Limited Partnerships	9.2%	16.0%	7.1%	16.0%
Natural Resources	11.3%	20.1%	7.2%	20.1%
Private Real Estate Funds	10.1%	17.3%	8.3%	17.3%
Core Private Real Estate Funds	7.0%	9.8%	7.5%	9.8%
Private Credit	8.1%	8.0%	3.4%	8.0%
Private Equity	13.3%	19.1%	8.1%	19.1%

Source: Global Investment Committee as of Feb 28, 2018. Annual return is the forecasted arithmetic average annual return. Annualized volatility, skewness and kurtosis estimates are based on the longest available data through Feb 28, 2018. Strategic Forecasts are calibrated to a 7 year investment horizon. Secular Forecasts are calibrated to a 20+ year horizon.

Forecast estimates are for illustrative purposes only, are based on proprietary models and are not indicative of the future performance of any specific investment, index or asset class. Actual performance may be more or less than the estimates shown in this table. Estimates of future performance are based on assumptions that may not be realized.

* The GIC applies significant statistical adjustments to correct for distortions typically associated with hedge fund, private equity and private real estate index returns.

Investor Suitability: Morgan Stanley recommends that investors independently evaluate each asset class, investment style, issuer, security, instrument or strategy discussed. Legal, accounting and tax restrictions, transaction costs and changes to any assumptions may significantly affect the economics and results of any investment. Investors should consult their own tax, legal or other advisors to determine suitability for their specific circumstances. Investments in private funds (including hedge funds, managed-futures funds and private-equity funds) are speculative and include a high degree of risk.

Forecasted Correlations Between Asset Classes

		CORRELATION MATRIX																													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1	Ultra-Short Fixed Income	1.00																													
2	Short Term Fixed Income	0.45	1.00																												
3	US Fixed Income	0.11	0.79	1.00																											
4	Municipal Bond	0.02	0.49	0.69	1.00																										
5	International Fixed Income	0.14	0.58	0.76	0.56	1.00																									
6	Inflation-Linked Securities	0.03	0.52	0.75	0.57	0.66	1.00																								
7	High Yield	0.18	0.04	0.16	0.25	0.01	0.30	1.00																							
8	Emerging Markets Fixed Income	0.04	0.17	0.34	0.28	0.17	0.37	0.56	1.00																						
9	Convertible Bond	0.16	0.09	0.15	0.19	0.03	0.29	0.74	0.57	1.00																					
10	US Large Cap Growth Equity	0.11	0.20	0.10	0.05	0.17	0.07	0.59	0.49	0.88	1.00																				
11	US Large Cap Value Equity	0.07	0.18	0.09	0.06	0.12	0.06	0.60	0.50	0.82	0.79	1.00																			
12	US Mid Cap Growth Equity	0.09	0.19	0.10	0.03	0.19	0.07	0.61	0.51	0.86	0.93	0.72	1.00																		
13	US Mid Cap Value Equity	0.09	0.15	0.04	0.02	0.09	0.13	0.66	0.51	0.83	0.75	0.96	0.74	1.00																	
14	US Small Cap Growth Equity	0.10	0.21	0.14	0.08	0.20	0.03	0.60	0.49	0.78	0.85	0.70	0.95	0.74	1.00																
15	US Small Cap Value Equity	0.08	0.17	0.10	0.06	0.15	0.04	0.62	0.45	0.73	0.69	0.84	0.75	0.91	0.84	1.00															
16	Europe Equity	0.07	0.28	0.18	0.08	0.16	0.02	0.58	0.45	0.74	0.79	0.75	0.77	0.72	0.73	0.67	1.00														
17	Japan Equity	0.13	0.25	0.18	0.12	0.23	0.01	0.47	0.32	0.60	0.56	0.54	0.56	0.54	0.56	0.52	0.61	1.00													
18	Asia Pacific ex Japan Equity	0.08	0.01	0.07	0.09	0.05	0.19	0.64	0.61	0.78	0.73	0.73	0.72	0.74	0.70	0.67	0.64	0.54	1.00												
19	Emerging Markets Equity	0.08	0.07	0.02	0.01	0.12	0.15	0.67	0.67	0.77	0.74	0.71	0.76	0.71	0.73	0.66	0.69	0.58	0.89	1.00											
20	Absolute Return Assets	0.21	0.06	0.04	0.14	0.11	0.20	0.78	0.56	0.80	0.62	0.64	0.64	0.68	0.63	0.63	0.63	0.59	0.69	0.72	1.00										
21	Equity Hedge Assets	0.01	0.27	0.30	0.23	0.31	0.35	0.03	0.07	0.25	0.00	0.03	0.04	0.03	0.03	0.01	0.01	0.10	0.10	0.17	1.00										
22	Equity Return Assets	0.06	0.10	0.06	0.02	0.15	0.11	0.70	0.59	0.85	0.82	0.73	0.89	0.75	0.89	0.76	0.76	0.64	0.80	0.85	0.83	0.17	1.00								
23	Real Estate Investment Trusts	0.06	0.08	0.20	0.21	0.11	0.30	0.67	0.51	0.74	0.52	0.70	0.53	0.78	0.55	0.73	0.53	0.45	0.70	0.66	0.65	0.14	0.61	1.00							
24	Commodities	0.05	0.10	0.06	0.03	0.11	0.16	0.36	0.32	0.47	0.30	0.35	0.35	0.38	0.31	0.32	0.19	0.26	0.51	0.50	0.49	0.25	0.48	0.39	1.00						
25	Master Limited Partnerships	0.03	0.07	0.01	0.15	0.06	0.03	0.56	0.31	0.49	0.35	0.44	0.38	0.46	0.38	0.42	0.32	0.26	0.45	0.44	0.56	0.06	0.50	0.44	0.40	1.00					
26	Natural Resources	0.02	0.06	0.01	0.02	0.16	0.15	0.57	0.48	0.69	0.67	0.69	0.70	0.67	0.62	0.58	0.58	0.50	0.83	0.84	0.72	0.30	0.82	0.61	0.75	0.55	1.00				
27	Private Real Estate Funds	0.08	0.21	0.15	0.04	0.13	0.09	0.26	0.21	0.40	0.36	0.53	0.35	0.54	0.39	0.52	0.41	0.33	0.38	0.34	0.38	0.01	0.39	0.54	0.31	0.25	0.39	1.00			
28	Core Private Real Estate Funds	0.12	0.13	0.07	0.03	0.10	0.15	0.24	0.17	0.30	0.22	0.33	0.23	0.37	0.24	0.34	0.26	0.24	0.28	0.26	0.33	0.01	0.29	0.45	0.36	0.24	0.34	0.74	1.00		
29	Private Credit	0.13	0.09	0.04	0.18	0.17	0.16	0.77	0.26	0.58	0.41	0.46	0.44	0.54	0.43	0.47	0.45	0.44	0.46	0.47	0.74	0.01	0.55	0.56	0.37	0.46	0.45	0.32	0.32	1.00	
30	Private Equity	0.01	0.29	0.22	0.10	0.19	0.02	0.25	0.14	0.40	0.42	0.34	0.46	0.32	0.42	0.29	0.48	0.39	0.30	0.37	0.39	0.01	0.46	0.26	0.20	0.10	0.34	0.43	0.35	0.36	1.00

Source: Global Investment Committee as of Feb 28, 2018. Based on the longest available data through Feb 28, 2018. Correlation is a statistical method of measuring the strength of a linear relationship between two variables. The correlation between two variables can assume any value from -1.00 to +1.00, inclusive. Past performance is not indicative of future results. We apply significant statistical adjustments to correct for distortions typically associated with index returns for hedge funds, private equity and private real estate. Correlation assumptions are the same for the strategic and intermediate-term horizons. All figures expressed annually. Asset class returns are assumed to be serially independent. Note that while the asset classes in the foregoing presentation are in certain cases aggregations of the asset classes listed above, their assumptions are aggregations of the above.

Asset Allocation Analysis

Risk / Return Characteristics		Mix 1 100% Traditional	Mix 2 95% Traditional/ 5% Alternatives	Mix 3 90% Traditional/ 10% Alternatives	Mix 4 85% Traditional/ 15% Alternatives	Strategic Target 80% Traditional/ 20% Alternatives
20-Year Secular Assumptions	Expected Return	8.4%	8.6%	8.6%	8.7%	8.8%
	Risk	10.2%	10.3%	10.4%	10.6%	10.8%
	Sharpe Ratio	0.49%	0.50%	0.50%	0.51%	0.50%
	Probability of Loss in Any Given Year	20.2%	20.1%	20.1%	20.0%	20.2%
	Probability > 8.1% ROR - Any Given Year (7.50% + 0.6% Fees)	52.2%	52.9%	53.1%	53.6%	53.8%
7-Year Strategic Assumptions	Expected Return	5.3%	5.5%	5.5%	5.8%	6.1%
	Risk	9.9%	10.0%	10.1%	10.2%	10.6%
	Sharpe Ratio	0.33%	0.35%	0.35%	0.37%	0.39%
	Probability of Loss in Any Given Year	29.2%	28.5%	28.5%	28.0%	27.5%
	Probability > 8.1% ROR - Any Given Year (7.50% + 0.6% Fees)	38.8%	39.9%	40.1%	41.2%	42.8%
Equities	US Large Cap Value Equities	22.5%	22.5%	22.5%	22.5%	21.3%
	US Large Cap Growth Equities	22.5%	22.5%	22.5%	22.5%	21.3%
	US Mid Cap Value Equities	5.0%	5.0%	5.0%	5.0%	5.0%
	US Mid Cap Growth Equities	5.0%	5.0%	5.0%	5.0%	5.0%
	International Value Equities	5.0%	5.0%	5.0%	5.0%	5.0%
	International Growth Equities	5.0%	5.0%	5.0%	5.0%	5.0%
	Total Equities	65.0%	65.0%	65.0%	65.0%	62.5%
Fixed Income	Investment Grade Bonds	35.0%	30.0%	25.0%	20.0%	17.5%
	Total Fixed Income	35.0%	30.0%	25.0%	20.0%	17.5%
More Liquid Alternatives	Master Limited Partnerships					5.0%
	Hedge Funds/Funds of Hedge Funds			5.0%	5.0%	5.0%
	Total More Liquid Alternatives	0.0%	0.0%	5.0%	5.0%	10.0%
Illiquid Alternatives	Core Private Real Estate		5.0%	5.0%	10.0%	10.0%
	Total Illiquid Alternatives	0.0%	5.0%	5.0%	10.0%	10.0%
TOTAL ASSETS		100.0%	100.0%	100.0%	100.0%	100.0%

IMPORTANT: The projections and other information generated by the Morgan Stanley Asset Allocation Center regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not a guarantee of future results.

Target Return = 7.5% Assumed Actuarial Return + 0.6% Approximate Fees

Please see important disclosures regarding Asset Allocation methodology in the disclosures section at the end of this presentation.

Asset Allocation – Proactive Advice

Strategic Asset Allocation Recommendations:

- 2000: Reduced Large Cap Core Growth & added International Value.
- 2003: Changed from a “Core Growth” allocation to dedicated Large Cap Value & Growth allocation.
- 2009: Added Mid Cap Value & Growth and split International Value allocation with International Growth manager.
- 2012: Reduced Fixed Income & added Core Private Real Estate.
- 2013: Reduced Fixed Income & added Funds of Hedge Funds.
- 2016: Increased Core Private Real Estate allocation & reduced Funds of Hedge Funds allocation.
- 2017: Reduced Large Cap Value & Growth and Fixed Income and added Master Limited Partnerships.

Tactical Asset Allocation Recommendations:

- 2018: Recommended overweight to International Value & Growth and underweight to Large Cap Value & Growth.

Manager Research & Search Factors

In reviewing prospective or current managers, our stringent due diligence process focuses on a variety of qualitative & quantitative factors.

Quantitative Analysis	Qualitative Assessment		
Key Evaluation Aspects -Narrows the universe of managers -Evaluates managers in specific asset classes -Applies measurable criteria: -Return / return characteristics -Risk-Adjusted Performance -Style Consistency -Portfolio Turnover	People and Organization -History and stability of firm -Background of key professionals -Business evaluation -Ownership structure -Compensation/ incentives to key professionals -Personnel turnover	Strategy / Process -Sources of returns -Risk controls -Style analysis -Attribution analysis -Strategy implementation	Quality of Research -Proprietary systems and analytical tools -Depth and breadth of research process -Technology and business operations

ADVERSE ACTIVE ALPHA

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

Active

Managers with high active share managers whose portfolios look different from the index based on security weightings – have moderate to low tracking error. Active share often captures how much conviction a manager has in a particular investment idea.

Adverse

Ability to outperform in a variety of market environments and when conditions are difficult for active manager relative performance, as opposed to down market periods.

Historical Performance of Current Managers/Funds

Large Cap Value

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Rothschild U.S. Large-Cap Value	10.25	8.58	11.91	8.96	1.68	1.52	0.94	7.61	91.53	1.53	0.53	0.94	16.28	97.34
+ / - vs Index	3.30	0.70	1.13	1.18		0.17		(0.15)			0.10		(0.89)	
Russell 1000 Value	6.95	7.88	10.78	7.78		1.35		7.76			0.43		17.17	

Large Cap Growth

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Polen Focus Growth	20.92	14.52	16.34	13.40	3.39	2.01	0.82	7.99	60.13	3.55	0.89	0.84	14.66	86.53
+ / - vs Index	(0.33)	1.62	0.81	2.06		(0.01)		0.44			0.21		(1.50)	
Sawgrass Asset Management Large Cap Growth	15.28	9.69	13.11	10.16	0.17	1.85	0.84	6.91	82.92	0.38	0.70	0.85	14.07	94.98
+ / - vs Index	(5.97)	(3.21)	(2.42)	(1.18)		(0.16)		(0.64)			0.02		(2.09)	
Russell 1000 Growth	21.25	12.90	15.53	11.34		2.02		7.55			0.68		16.16	

Mid Cap Value

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Chartwell Mid Cap Value	10.35	11.47	14.49	11.98	2.13	1.50	1.10	9.45	84.30	3.43	0.71	0.83	16.39	93.97
+ / - vs Index	3.85	4.24	3.38	2.17		0.13		1.60			0.22		(2.84)	
Russell Midcap Value	6.50	7.23	11.11	9.81		1.38		7.85			0.49		19.23	

Mid Cap Growth

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
MDT Mid Cap Growth	23.59	11.46	15.29	12.39	1.39	1.52	1.05	9.86	68.79	2.88	0.68	0.87	17.84	87.65
+ / - vs Index	3.85	2.29	1.98	1.78		(0.14)		2.05			0.14		(1.26)	
Russell Midcap Growth	19.74	9.17	13.31	10.61		1.66		7.81			0.54		19.10	

International Value

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Lazard International Select w/EM ADR	19.89	6.46	6.36	3.71	0.95	0.60	0.91	10.14	90.75	1.18	0.19	0.84	17.54	93.84
+ / - vs Index	3.36	0.28	0.47	1.01		0.07		(0.46)			0.08		(2.65)	
MSCI ACWI ex USA (Net)	16.53	6.18	5.89	2.70		0.53		10.60			0.12		20.19	

International Growth

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Renaissance International Equity ADR	16.47	6.57	9.10	3.61	2.69	0.71	1.09	12.32	87.88	1.12	0.16	1.02	21.22	93.34
+ / - vs Index	(0.06)	0.39	3.21	0.91		0.19		1.72			0.04		1.03	
MSCI ACWI ex USA (Net)	16.53	6.18	5.89	2.70		0.53		10.60			0.12		20.19	

Source: Data obtained from Zephyr StyleADVISOR.

The prices, quotes, and statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed.

Historical Performance of Current Managers/Funds

International Growth

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Renaissance International Equity ADR	16.47	6.57	9.10	3.61	2.69	0.71	1.09	12.32	87.88	1.12	0.16	1.02	21.22	93.34
+ / - vs Index	(0.06)	0.39	3.21	0.91		0.19		1.72			0.04		1.03	
MSCI ACWI ex USA (Net)	16.53	6.18	5.89	2.70		0.53		10.60			0.12		20.19	

Intermediate Fixed Income

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Loomis, Sayles & Company Intermediate Duration Fixed Income	1.05	1.63	2.01	4.19	0.71	0.70	1.05	2.42	96.70	1.46	1.20	0.92	3.23	67.45
+ / - vs Index	0.70	0.69	0.76	1.27		0.29		0.17			0.30		0.33	
Bloomberg Barclays Intermediate U.S. Government/Credit	0.35	0.94	1.25	2.92		0.42		2.25			0.90		2.90	

Global Long/Short Credit

	Performance				5 Year - Risk Characteristics					Since Inception - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
BlackRock Global Long/Short Credit Instl	2.84	1.57	2.02	-	1.31	0.84	0.46	2.04	69.52	1.62	1.25	0.42	2.09	63.70
+ / - vs Index	0.57	0.67	0.89	-		0.61		(1.60)			0.67		(1.84)	
HFRX Fixed Income - Credit Index	2.27	0.90	1.13	-		0.23		3.64			0.58		3.93	

MLPs

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
Cushing MLP Instl Alpha Strategy	(19.07)	(10.68)	(0.09)	6.16	7.48	(0.02)	1.14	21.50	90.32	0.71	0.21	1.26	27.80	89.08
+ / - vs Index	1.00	0.56	5.76	0.56		0.32		3.54			(0.04)		6.97	
Alerian MLP	(20.07)	(11.24)	(5.85)	5.60		(0.34)		17.96			0.25		20.83	

Hedge Fund of Funds

	Performance				5 Year - Risk Characteristics					Since Inception - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
PineGrove Institutional Partners	5.07	2.02	3.00	2.84	(0.55)	0.79	1.22	3.41	67.35	1.46	0.38	1.11	6.70	90.86
+ / - vs Index	1.51	0.33	0.01	1.55		(0.39)		1.13			0.21		0.96	
HFR1 FOF: Conservative Index	3.56	1.69	2.99	1.29		1.18		2.28			0.17		5.74	

Private Real Estate

	Performance				5 Year - Risk Characteristics					10 Year - Risk Characteristics				
	1 Year	3 Year	5 Year	10 Year	Alpha	Sharpe	Beta	Std. Dev.	R2	Alpha	Sharpe	Beta	Std. Dev.	R2
American Realty Advisors	8.04	8.76	10.46	4.63	(0.66)	5.39	1.12	1.88	61.89	(2.92)	0.55	1.29	7.88	90.07
+ / - vs Index	0.91	0.03	0.46	(1.46)		(2.44)		0.64			(0.46)		2.13	
UBS Trumbull Property Fund (Gross)	7.08	8.39	9.73	5.25	(0.44)	6.45	1.02	1.46	80.52	(1.55)	0.73	1.14	6.73	95.55
+ / - vs Index	(0.05)	(0.34)	(0.27)	(0.84)		(1.38)		0.22			(0.27)		0.98	
NCREIF Property Index	7.13	8.73	10.00	6.09		7.83		1.24			1.01		5.75	

Source: Data obtained from Zephyr StyleADVISOR.

The prices, quotes, and statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed.

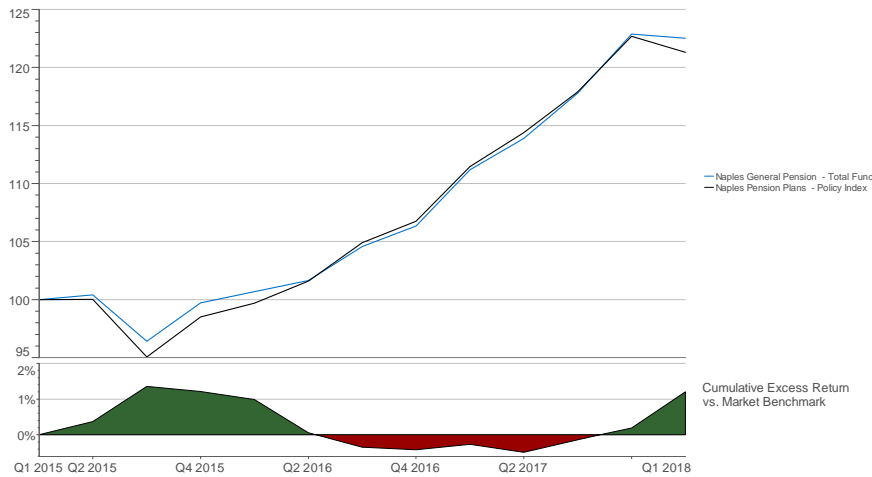
Risk/Return Analysis – 3 Year

Zephyr StyleADVISOR

Zephyr StyleADVISOR - MSSB - Tampa, FL

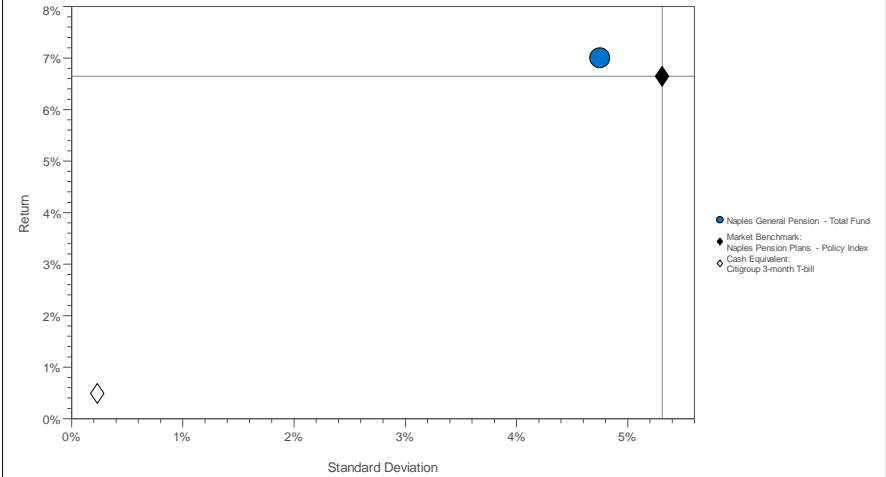
Manager Performance

April 2015 - March 2018 (Single Computation)



Risk / Return

April 2015 - March 2018 (Single Computation)

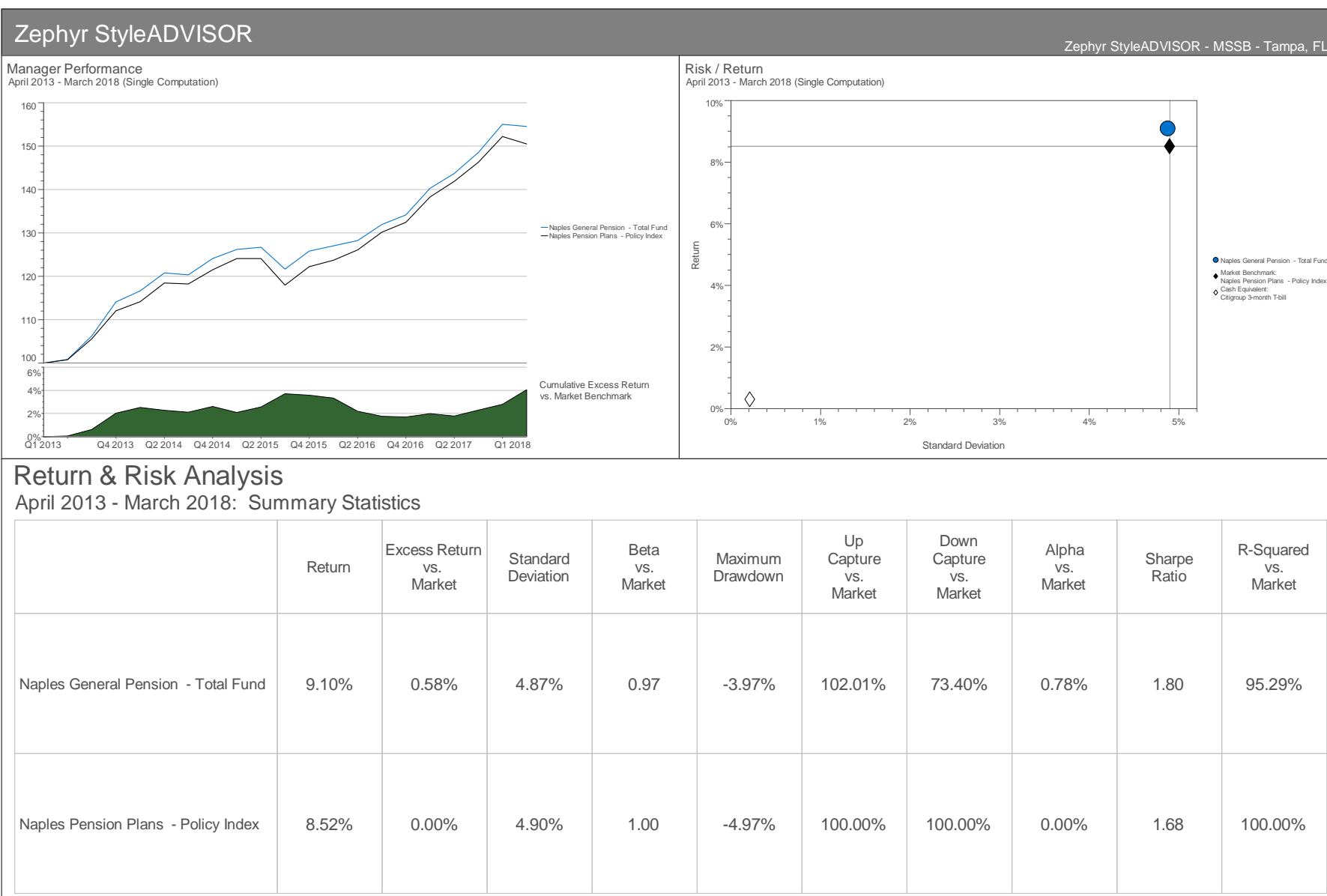


Return & Risk Analysis

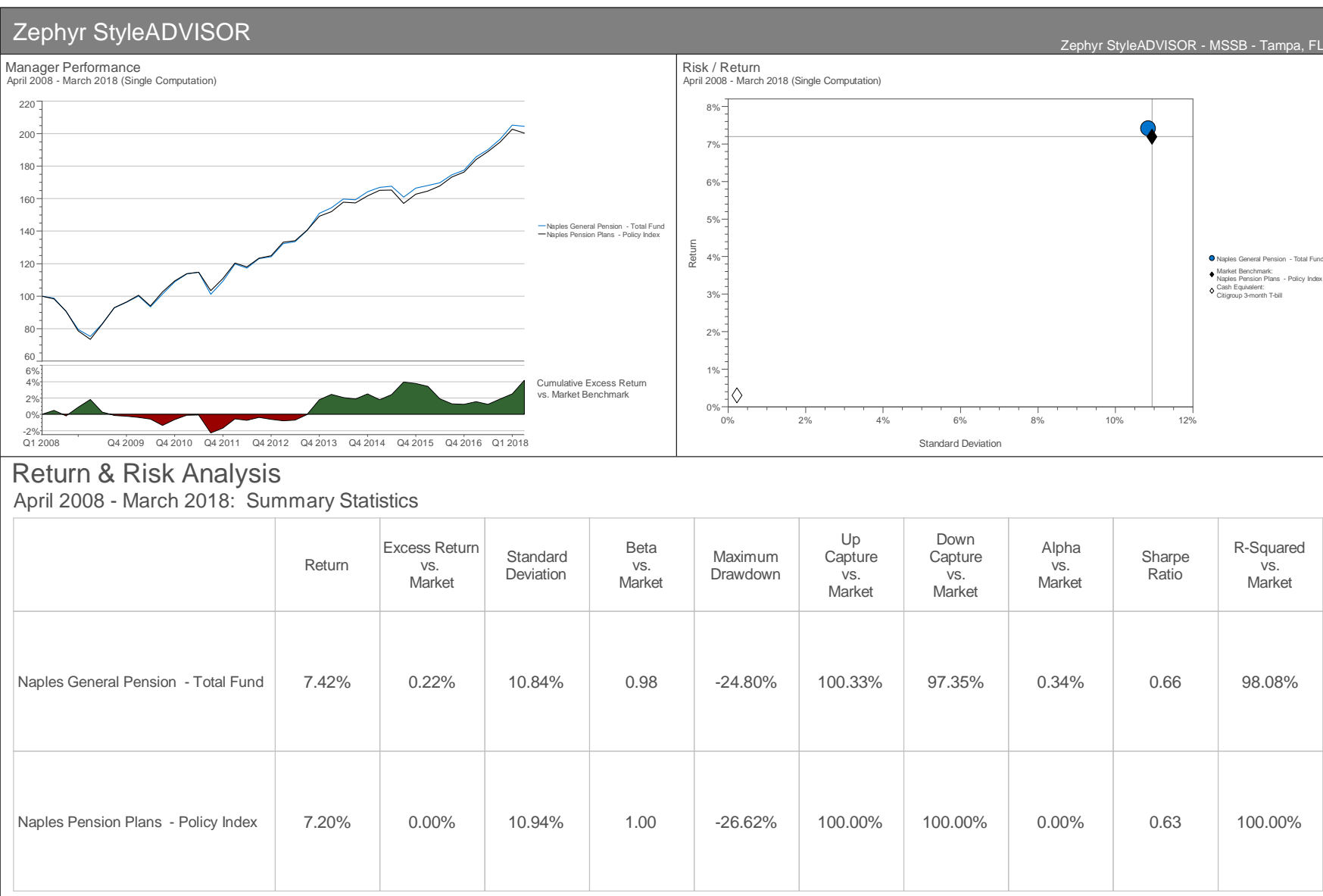
April 2015 - March 2018: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples General Pension - Total Fund	7.00%	0.35%	4.75%	0.88	-3.97%	96.34%	70.54%	1.11%	1.37	96.75%
Naples Pension Plans - Policy Index	6.65%	0.00%	5.31%	1.00	-4.97%	100.00%	100.00%	0.00%	1.16	100.00%

Risk/Return Analysis – 5 Year



Risk/Return Analysis – 10 Year



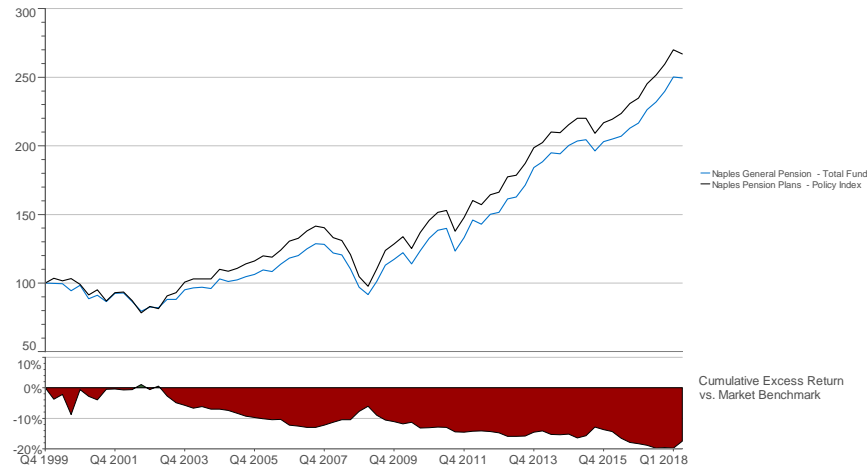
Risk/Return Analysis – Since Inception

Zephyr StyleADVISOR

Zephyr StyleADVISOR - MSSB - Tampa, FL

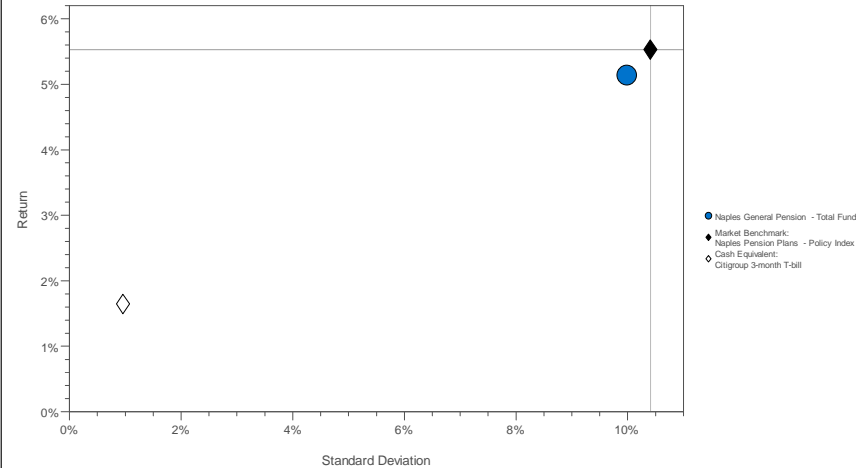
Manager Performance

January 2000 - March 2018 (Single Computation)



Risk / Return

January 2000 - March 2018 (Single Computation)



Return & Risk Analysis

January 2000 - March 2018: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples General Pension - Total Fund	5.14%	-0.39%	9.99%	0.91	-28.71%	88.12%	86.29%	0.14%	0.35	89.31%
Naples Pension Plans - Policy Index	5.53%	0.00%	10.41%	1.00	-30.97%	100.00%	100.00%	0.00%	0.37	100.00%

Performance Evaluation - Report

To assist the trustees in fulfilling their fiduciary responsibility, we will provide a quarterly performance report and present the report each quarter. In interpreting and presenting the investment results to the trustees, we seek to not only determine whether your individual managers are providing long-term outperformance on a risk-adjusted basis, but also whether your overall fund is meeting the objectives stated in your investment policy statement. Our performance reports are a useful tool in educating the trustees and illustrating how each of your managers (and total portfolio) performed versus appropriate benchmarks on both an absolute and risk-adjusted basis. Performance reports will include:

Overview of the Economy and Capital Markets Environment

- Time-Weighted & Dollar-Weighted Returns for Each Manager and the Total Portfolio (Both Gross & Net of Fees)
- Comparison of Professional Money Managers vs. Benchmarks
 - Indices
 - Custom Benchmarks
 - Style Universe
- Performance Attribution by Asset Class and Economic Sectors
- Modern Portfolio Theory Statistical Measurements
 - Standard Deviation
 - Beta
 - Alpha
 - Sharpe Ratio
- Portfolio Characteristics Analysis
 - Equity Beta, P/E, Yield, ROE...
 - Fixed Income Quality, Duration, YTM...

Graystone
Consulting

PROPOSED SERVICES & FEES

Proposed Services & Fees

We are proposing to continue providing services for an annual asset-based fee of \$54,500. This fee has been in place since October 2014 and will be guaranteed for an additional 2 years. The services provided include:

- Evaluation of Manager Performance
- Establishment of Investment Guidelines and Appropriate Asset Allocation
- Investment Manager and Custodian Search
- Education and Proactive Advice

Continue to assist with portfolio rebalancing and coordinating the annual investment symposium with the plans' investment managers.

Preliminary Proposed Portfolios Included Herein:

Proposals of investment managers are based on recent information provided by Client and may be subject to change due to a number of factors.

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.**

Non diversification is attributed to a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio.

Portfolios that invest a large percentage of assets in only **one industry sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and growth investing also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. 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.

Equity securities' prices may fluctuate in response to specific situations for each company, industry, market conditions and general economic environment. Companies paying dividends can reduce or cut payouts at any time.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in **emerging markets**.

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Interest in **municipal bonds** is generally exempt from federal income tax. However, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, local tax-exemption typically applies if securities are issued within one's city of residence.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in **high-yield bonds**. High yield bonds should comprise only a limited portion of a balanced portfolio.

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 passive activity loss limitation rules also apply for purposes of calculating a retirement plan's UBTI, potentially limiting the amount of losses that can be used to offset the retirement plan's income from an unrelated trade or business each year. It should be noted that these rules are applied to publicly traded partnerships, such as MLPs, on an entity-by-entity basis, meaning that the passive activity losses generated by one MLP generally can only be used to offset the passive activity income (including unrelated traded or business income) from the same MLP. The passive activity losses generated by one MLP generally cannot be used to offset income from another MLP (or any other source). The disallowed losses are suspended and carried forward to be used in future years to offset income generated by that same MLP. However, once the retirement plan disposes of its entire interest in the MLP to an unrelated party, the suspended losses can generally be used to offset any unrelated trade or business income generated inside the retirement plan (including recapture income generated on the sale of the MLP interest, as well as income generated by other MLPs).

In calculating the tax, trust tax rates are applied to the retirement plan's UBTI (i.e., unrelated trade or business gross income less any applicable deductions, including the \$1,000 specific deduction). In addition to the passive loss limitation rules noted above, other limitations may apply to the retirement plan's potential tax deductions. In order to file Form 990-T, the retirement plan is required to obtain an Employer Identification Number ("EIN") because the plan (and not the plan owner or fiduciary) owes the tax. State and local income taxes may also apply. Accordingly, retirement plan investors (and their fiduciaries) should consult their tax and legal advisors regarding the federal, state, and local income tax implications of their investments.

Similar rules apply to other tax-exempt organizations (e.g., charitable and religious organizations), except that certain differences may apply. For instance, the UBTI of most other tax-exempt organizations is taxable at corporate rates, unless the organization is one that would be taxed as a trust if it were not tax-exempt in which case its UBTI is taxable at trust rates. Also, the passive activity loss limitation rules do not apply to all tax-exempt organizations. Tax-exempt investors should consult their tax and legal advisors regarding the federal, state, and local income tax implications of their investments.

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.

Actual results may vary and past performance is no guarantee of future results.

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Disclosures

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."

Actual results may vary and past performance is no guarantee of future results.

Diversification does not ensure against loss.

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Morgan Stanley Wealth Management Global Investment Committee Expected Return Estimates Methodology

This tool incorporates a methodology for making hypothetical financial projections approved by the Global Investment Committee. Opinions expressed in this presentation may differ materially from those expressed by other departments or divisions or affiliates of Morgan Stanley Wealth Management.

About Expected Return Estimates, Rate of Return, Standard Deviation, and Asset Class Indices

Expected Return Estimates (EREs)

What are EREs?

Expected Return Estimates (EREs) represent one set of assumptions regarding rates of return for specific asset classes approved by the Global Investment Committee.

How are EREs derived?

EREs are derived using a proprietary methodology using a building block approach. Our EREs reflect expectations for a number of long-term economic and market-related factors we expect to influence capital market returns, such as population growth, productivity, earnings expectations, etc.

Index returns are used for calculation of volatility and correlations. For most indices, we use data since 1994. Regarding several types of alternative investments such as hedged strategies, private equity and real estate, we apply significant statistical adjustments to historical returns in order to correct for distortions such as survivorship biases, selection biases, and returns measurement error (e.g. by consequence of stale prices in the illiquid asset classes).

What else is important to know?

It is important to remember that future rates of return can't be predicted with certainty and that investments that may provide higher rates of return are generally subject to higher risk and volatility. The actual rate of return on investments can vary widely over time. This includes the potential loss of principal on your investment.

Investors should carefully consider several important factors when making asset allocation decisions using projected investment performance data based on assumed rates of return on indices:

Indices illustrate the investment performance of instruments that have certain similar characteristics and are intended to reflect broad segments of an asset class. Indices do not represent the actual or hypothetical performance of any specific investment, including any individual security within an index. Although some indices can be replicated, it is not possible to directly invest in an index. It is important to remember the investment performance of an index does not reflect deductions for investment charges, expenses, or fees that may apply when investing in securities and financial instruments such as commissions, sales loads, or other applicable fees. Also, the stated investment performance assumes the reinvestment of interest and dividends at net asset value without taxes, and also assumes that the portfolio is consistently "rebalanced" to the initial target weightings. Asset allocations which deviate significantly from the initial weightings can significantly affect the likelihood of achieving the projected investment performance.

Another important factor to keep in mind when considering the historical and projected returns of indices is that the risk of loss in value of a specific asset, such as a stock, a bond or a share of a mutual fund, is not the same as, and does not match, the risk of loss in a broad asset class index. As a result, the investment performance of an index will not be the same as the investment performance of a specific instrument, including one that is contained in the index. Such a possible lack of "investment performance correlation" may also apply to the future of a specific instrument relative to an index.

For these reasons, the ultimate decision to invest in specific instruments should not be premised on expectations that the historical or projected returns of indices will be the same as those for specific investments made.

Rates of Return, Standard Deviation and Asset Class Indices

Standard deviation is a common risk measurement that estimates how much an investment's return will vary from its predicted average. Generally, the higher an investment's standard deviation, the more widely its returns will fluctuate, implying greater volatility. In the past, asset classes that have typically provided the highest returns have also carried greater risk. For purposes of this Presentation, the standard deviation for the asset classes shown below are calculated using data going back to 1994.

It is important to note that the rates of return of the listed indices may be significantly different than the ERE or your own assumptions about the rates of return used in the Presentation. As always, keep in mind that past performance is no guarantee of future results. EREs are for illustrative purposes only and are not indicative of the future performance of any specific investment.

Performance of an asset class within a portfolio is dependent upon the allocation of securities within the asset class and the weighting or the percentage of the asset class within that portfolio. Potential for a portfolio's loss is exacerbated in a downward trending market. A well-diversified portfolio is less vulnerable in a falling market. Asset allocation and diversification, however, do not assure a profit or protect against loss in a declining market.

Asset class returns and standard deviations of returns projections are based on reasoned estimates of drivers of capital market returns and historical relationships. As with any return estimation discipline, the assumptions and inputs underlying the GIC's EREs may or may not reconcile with, or reflect, each investor's individual investment horizon, risk tolerance, capital markets outlook, and world view. For these reasons, and because return estimation methods are complicated, investors are encouraged to discuss returns estimation with a Morgan Stanley Financial Advisor/Private Wealth Advisor.

As described, financial returns estimation involves developing a methodology for extracting expected returns and standard deviations of returns from historical data. Each returns estimation methodology is developed by selecting objective and subjective factors that vary among those developing the returns estimation model. The GIC has formulated several different methodologies and makes its return estimates available to Morgan Stanley customers. Differences exist between the various methodologies because different objective and subjective factors are incorporated into each methodology. These differences can include: the indices used as proxies for various asset categories and classes, the length of time historical index data is input into the calculations, and the resulting expected returns and volatility for each asset class. Each model may cover a greater or lesser number of asset classes than other models, the indices used to represent asset classes may be different for certain classes of assets in the models, and the GIC has more asset classes in the Alternative Investments asset category than are available in other models. Additionally, other differences may develop in the future as these methodologies are dynamic in nature and are likely to change over time.

While Morgan Stanley Smith Barney LLC has not designed its returns estimation methodologies to match or address its inventory as a broker-dealer of financial products, an appearance of a conflict of interest could exist in which the GIC's EREs, if followed, guide investors in directions that support Morgan Stanley Smith Barney LLC's inventory. To the extent this is a concern to customers, they should request that a return estimation be prepared using a different third party methodology, either alone or in conjunction with a GIC model for comparison purposes. Your Financial Advisor/Private Wealth Advisor is available to explain the different returns estimation methodologies and can compare and contrast different models upon request.

Return Series Adjustments

A common way to forecast standard deviation, correlation and other risk metrics is to observe their average magnitude in historical return series data. We agree this is appropriate for traditional asset classes- cash, bonds and equities- and for 'alternative or absolute return' asset classes that are priced in liquid public markets and have consistent, transparent reporting requirements. However, we believe this approach dramatically understates the risk of hedged strategies and private investments, such as private equity and private real estate, while overstating their potential to diversify other risks in the portfolio. These asset classes have several pronounced biases due to voluntary reporting of performance to index providers and lack of liquidity in the underlying investments. The biases that arise include return smoothing, survivorship bias, selection bias, stale pricing and appraisal bias each of which has implications for reported risk, return and correlation of the investments (foremost amongst which is the artificial reduction of their actual risks).

To address these challenges, the Global Investment Committee use econometric models to estimate the impact of each of these biases to create synthetic 'true' return series, based on the reported returns, from which we glean forecasts of the risk, return and correlation of these investments. The adjustments made are on balance conservative. They substantially increase forecasted risk, reduce forecasted return and decrease the diversification properties compared to what the historical averages of reported index returns suggest. Your Financial Advisor/Private Wealth Advisor is available to explain these methodological choices in greater detail upon request.

IMPORTANT INFORMATION

The Global Investment Committee (GIC) Asset Allocation Models represent asset allocation recommendations made by the GIC based on general client characteristics such as investable assets and risk tolerance. The GIC Asset Allocation Models are not representations of actual trading or any type of account, or any type of investment strategies and none of the fees or other expenses (e.g., commissions, mark-ups, mark-downs, advisory fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models are not intended to represent a client-specific suitability analysis or recommendation. The suitability of an asset allocation for a particular client must be based on the client's existing portfolio, investment objectives, risk profile and liquidity needs. Any such suitability determination could lead to asset allocation results that may differ materially from those presented herein. Each client should consult with his or her Financial Advisor/Private Wealth Advisor to determine whether the GIC Asset Allocation Models are relevant to the client's investment objectives.

Disclosures

Every client's financial circumstances, needs and risk tolerances are different. This Presentation ("Asset Allocation Review") is based on the information you provided to us, the assumptions you have asked us to make and the other assumptions indicated herein as of the date of the Presentation. This Presentation should be considered a working document that can assist you in achieving your investment objectives. You should carefully review the information and suggestions found in this Presentation and then decide on future steps.

This Presentation does not constitute an offer to buy, sell, or recommend any particular investment or asset, nor does it recommend that you engage in any particular investment, manager or trading strategy. It reflects only allocations among broad asset classes. All investments have risks. The decisions as to when and how to invest are solely your responsibility.

This Presentation does not purport to recommend or implement an investment strategy. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations in this Presentation. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. No investment analysis has the ability to accurately predict the future, eliminate risk or guarantee investment results. As investment returns, inflation, taxes, and other economic conditions vary from the assumptions used in this Presentation, your actual results will vary (perhaps significantly) from those presented in this Presentation.

The assumed return rates in this Presentation are not reflective of any specific investment and do not include any transaction costs, management fees or expenses that may be incurred by investing in specific products. Such fees would reduce a client's returns. The actual returns of a specific investment may be more or less than the returns used in this Presentation. The return assumptions are based on historic rates of return of securities indices, which serve as proxies for the asset classes. Moreover, different forecasts may choose different indices as a proxy for the same asset class, thus influencing the return of the asset class.

The return assumptions used in this are estimates based on models that employ fundamental macroeconomic and econometric data together with average annual returns for the index used as a proxy for each asset class to forecast returns prospectively. The portfolio returns are calculated by weighting the individual return assumptions disclosed herein for each asset class according to your portfolio allocation. During the preparation of this Presentation, your Financial Advisor/Private Wealth Advisor may have refined the asset allocation strategy to develop a strategy that optimizes the potential returns that could be achieved with the appropriate level of risk that you would be willing to assume.

Morgan Stanley cannot give any assurances that any estimates, assumptions or other aspects of the Presentation will prove correct. It is subject to actual known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those shown.

This Presentation speaks only as of the date of this Presentation. Morgan Stanley Smith Barney expressly disclaims any obligation or undertaking to update or revise any statement or other information contained herein to reflect any change in past results, future expectations or circumstances upon which that statement or other information is based.

Hypothetical Portfolio Returns

The proposed asset allocations (also referred to herein as Hypothetical Portfolios) in this report are hypothetical and do not reflect actual portfolios but simply reflect selected indices that are representative for asset classes in the GIC's current strategic allocations. Hypothetical performance results have inherent limitations. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC asset allocation, idea or strategy for the periods indicated.

Despite the limitations of hypothetical performance, these hypothetical performance results may allow clients and Financial Advisors to obtain a sense of the risk / return trade-off of different asset allocation constructs. The hypothetical returns are not intended to forecast potential returns but rather to help identify relative patterns of behavior among asset classes which, when put in different combinations, assume various levels of risk. Each analysis in this report contains simulations of performance. The calculation of the performance of these Hypothetical Portfolios begins with the applicable GIC Asset Allocation Model for a particular risk profile. The GIC has established eight model portfolios conforming to various risk tolerance levels. The least risky model corresponds to risk profile 1 with the most risky being risk profile 8. Thus, as the risk profile increases, so does the level of risk.

Once the appropriate risk profile levels have been determined, your Financial Advisor/Private Wealth Advisor then customizes the GIC model based on each client's circumstances. The GIC models reflect historical performance of the indices used as proxies.

The calculation of the Hypothetical Portfolio returns assumes reinvestment of dividends, capital gains and interest but do not reflect any transaction costs, such as taxes, fees or charges, that would apply to actual investments. Such fees and charges would reduce performance.

Hypothetical performance is shown for illustration purposes only, has inherent limitations and does not reflect actual performance, trading or decision making. The results may vary and reflect economic or market factors such as liquidity constraints or volatility, which have an important impact on decision making and actual performance. This hypothetical performance is likely to differ from actual practice in client accounts.

Fees reduce the performance of actual accounts: Unless specified in the Client Fee Assumptions portion of this Appendix, none of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, advisory fees) associated with actual trading or accounts are reflected in the GIC asset allocation strategy or ideas. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

Investing in the market entails the risk of market volatility. The value of all types of securities may increase or decrease over varying time periods.

Indices are unmanaged and an investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

This report is not a financial plan and does not, in and of itself, create an investment advisory relationship between you and your Financial Advisor/Private Wealth Advisor to the extent that one did not exist. In providing you with this report, we are not providing services as a fiduciary either under the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information contained in this report is not intended to form the primary basis for any investment decision by you, or investment advice or a recommendation relating to the purchase or sale of any securities for either ERISA or Internal Revenue Code purposes.

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Barron's "Top 50 Institutional Consultants," April 2018. The teams in the ranking were evaluated on a range of criteria, including institutional investment assets overseen by the team, the revenue generated by those assets, the number of clients served by the team, and the number of team members and their regulatory records. Also considered were the advanced professional designations and accomplishments represented on the team. The rating is not indicative of the Institutional Consultant's past or future performance. Neither Morgan Stanley Smith Barney LLC nor its Institutional Consultant's pay a fee to Barron's in exchange for the rating. Barron's is a registered trademark of Dow Jones & Company, L.P. All rights reserved.

City of Naples General Employees', Police Officers', and Firefighters' Retirement Trust Funds
Issues / Questions for Presentation
May 2018

1. Do you earn fees as an adviser to a private fund or other investments that you may recommend to clients?

No, we do not advise asset managers. We do not charge asset managers for inclusion in our database. Our advice is unencumbered by other business interests. Independent advice means we are also our clients' advocate. Graystone Consulting's compensation is paid by our clients.

2. Are your fees negotiable?

Our proposed hard dollar fee of \$54,500 has been in place since October 1, 2014 and we are guaranteeing this fee for an additional 2 years. Based on our understanding of fees charged in the marketplace, we believe this is fair fee based on the work provided and the attendance of two investment consultants at quarterly meetings.

3. Do you believe in market timing?

We believe it is important for clients to develop a long-term, strategic asset allocation policy. While we do not try to time the market, we recommend tactical adjustments to certain asset classes, styles, countries, and sectors where an opportunity to benefit from a short-term inefficiency in an area of the capital markets exists. These tactical adjustments will be made within the overall asset class minimum/maximum ranges of your strategic asset allocation policy. For example, based on our Global Investment Committee's capital markets view, we are recommending a tactical overweight to developed and emerging market international equities within the plans' policy range.

4. How do you report investment performance?

We report investment performance using time-weighted and dollar-weighted returns. Time-weighted returns are presented gross and net of fees and dollar-weighted returns net of fees.

5. Who manages your money?

Charlie Mulfinger and Scott Owens will continue to be the primary institutional consultants attending quarterly meetings with the Board of Trustees. They are supported by a local team of 10 other professionals consisting of consultants, analysts, and client service/operations associates. They are also supported by firm resources including the Graystone Consulting management team, Global Investment Manager Analysis (GIMA) team, and the Global Investment Committee.

6. What is the smallest, average and largest portfolio you manage?

Graystone Consulting Tampa provides investment consulting services to institutional clients ranging from \$10 million to over \$400 million. The average institutional client size is approximately \$50 million.

The prices, quotes, & statistics contained herein have been obtained from sources believed to be reliable; however, the accuracy cannot be guaranteed.

7. Have you been sued or have any reported legal actions?

No – Graystone Consulting Tampa has not been sued nor had any reported legal actions.

8. Please explain your strategy on passive versus active portfolio management.

Graystone Consulting Tampa recommends a combination of active and passive management for asset classes. The use of passive management depends on the trustees' willingness to accept risk, the level and conditions of the capital markets, fees of active managers, and the historical risk-adjusted performance of the existing managers. We believe this approach provides a better opportunity for enhanced risk-adjusted performance. With active management, you would expect higher risk-adjusted returns than a passive index over a full market cycle; however, you accept the risk of underperformance relative to the benchmark and higher costs. A fully passive index fund approach may include lower overall investment costs, reduced single-manager risk and minimal style drift to the investor. This approach eliminates timing and manager selection as a means to add value (alpha) above the benchmark. The returns for a passive index fund will be less than the mirrored index returns due to the internal fees. This creates a negative alpha (value-added return) for each asset class. Consequently, the sole contributor to portfolio performance is asset allocation.

We may recommend passive index funds for more efficient asset classes (i.e. large cap equities) which have lower probability of value added returns relative to the benchmark. Active managers would be recommended for asset classes (i.e. small cap & international equities and alternatives) that have a better opportunity to generate alpha. We will work with the trustees to determine the most appropriate approach.

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:12 AM
To: Greg Givens
Subject: FW: RFP Reference - Graystone Consulting
Attachments: Police Pension Quarterly Results.pdf; Fire Pension Quarterly Results.pdf

From: Elizabeth Willis
Sent: Friday, March 16, 2018 8:24 AM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP Reference - Graystone Consulting

From: Laura Litzan <llitzan@cityofmarcoisland.com>
Sent: Thursday, March 15, 2018 2:46 PM
To: Elizabeth Willis <ewillis@naplesgov.com>
Subject: RE: RFP Reference - Graystone Consulting

CAUTION: This email originated from outside of the City of Naples e-mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Liz-

The answers to your questions are in red below.

Laura Litzan, CMC
City Clerk
City of Marco Island
50 Bald Eagle Drive
Marco Island, FL 34145
(239) 389-5010

From: Elizabeth Willis <ewillis@naplesgov.com>
Sent: Thursday, March 15, 2018 1:31 PM
To: Laura Litzan <llitzan@cityofmarcoisland.com>
Subject: RFP Reference - Graystone Consulting

Good Afternoon:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Graystone Consulting. Could you please take a moment to answer a few questions regarding your experience with Graystone Consulting?

1. How long have you been doing business with the consultant? **Since 1999**
2. What is the response time to your questions or requests? **Within 1 day**
3. What are some of the things you wish the consultant would do differently? **Nothing I can think of – very professional and accommodating.**
4. Is the consultant receptive to new ideas/suggestions? **Yes**
5. Are the consultant's fees appropriate for the services received? **Yes**
6. What percentage of your portfolio is passive investments? **See attached**
7. What was your overall return last year? **See attached**
8. Does the consultant exceed your expectations? Would you rehire them again? **Yes, definitely, to both.**
9. Is there anything else we should consider before hiring this consultant? **No complaints, issues or concerns. Very responsive to our needs; excellent communication of complex concepts to layman trustees.**

Kindly reply to this email. Thank you in advance for your time.

Liz Willis
Senior Accountant
City of Naples
735 8th Street South
Naples, Florida 34102

Office: (239) 213-1814
Fax: (239) 213-7105

ewillis@naplesgov.com

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:11 AM
To: Greg Givens
Subject: FW: RFP Reference - Graystone Consulting

From: Elizabeth Willis
Sent: Monday, March 19, 2018 12:05 PM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP Reference - Graystone Consulting

From: Steve Aldrich <saldrich@hollyhillfl.org>
Sent: Monday, March 19, 2018 11:42 AM
To: Elizabeth Willis <ewillis@naplesgov.com>
Subject: Re: RFP Reference - Graystone Consulting

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Ms. Willis,

I recently received your request for a response to a brief survey related to the Holly Hill Police Department's long standing relationship with Graystone Consulting. I would be more than happy to respond to your request.

1. How long have you been doing business with the consultant? The Holly Hill Police Pension Plan has used Graystone Consulting for over twenty years.
2. What is the response time to your questions or requests? The response time on any questions posed to our consultant has been normally with one to two days. Very responsive and always a positive experience.
3. What are some of the things you wish the consultant would do differently? As stated above, they are always responsive to any issues and follow-up on things that need to be done.
4. Is the consultant receptive to new ideas/suggestions? Yes
5. Are the consultant's fees appropriate for the services received? Their fees have always been fair for the services provided.
6. What percentage of your portfolio is passive investments? 35% ><2.5%
7. What was your overall return last year? 11.4% Rate of Return (09/30/2017)
8. Does the consultant exceed your expectations? Would you rehire them again? Yes, we would hire them again.
9. Is there anything else we should consider before hiring this consultant? As you can tell from our long standing relationship that we have always worked very well together.

Please let me know if you need any further information.

Stephen K. Aldrich, Chief of Police
Holly Hill Police Department
1065 Ridgewood Avenue
Holly Hill, Florida 32117
FBI National Academy #238
(386) 248-9494 desk
(386) 248-9480 fax
saldrich@hollyhillfl.org
www.hollyhillfl.org

Florida has a very broad Public Records Law. Virtually all written communications to or from State and Local Officials and employees are public records available to the public and media upon request. The City of Holly Hill's policy does not differentiate between personal and business emails. This means email messages, including your e-mail address and any attachments and information we receive online might be disclosed to any person or media making a public records request. E-mail sent on the City system will be considered public and will only be withheld from disclosure if deemed confidential or exempt pursuant to State Law. If you are an individual whose identifying information is exempt under 119.071, Florida Statutes, please so indicate in your email or other communication. If you have any questions about the Florida public records law refer to Chapter 119 Florida Statutes.

On Thu, Mar 15, 2018 at 1:33 PM, Elizabeth Willis <ewillis@naplesgov.com> wrote:

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6. What percentage of your portfolio is passive investments?
7. What was your overall return last year?
8. Does the consultant exceed your expectations? Would you rehire them again?
9. Is there anything else we should consider before hiring this consultant?

Kindly reply to this email. Thank you in advance for your time.

Liz Willis

Senior Accountant

City of Naples

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:12 AM
To: Greg Givens
Subject: FW: RFP - Graystone Consulting

From: Elizabeth Willis
Sent: Friday, March 16, 2018 8:23 AM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP - Graystone Consulting

From: Lebowitz, Martin <Martin.Lebowitz@citynmb.com>
Sent: Thursday, March 15, 2018 3:34 PM
To: Elizabeth Willis <ewillis@naplesgov.com>
Subject: RE: RFP - Graystone Consulting

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Please see my responses in red below.

Marty

From: Elizabeth Willis [<mailto:ewillis@naplesgov.com>]
Sent: Thursday, March 15, 2018 1:37 PM
To: Lebowitz, Martin <Martin.Lebowitz@citynmb.com>
Subject: RFP - Graystone Consulting

Good Afternoon:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Graystone Consulting. Could you please take a moment to answer a few questions regarding your experience with Graystone Consulting?

1. How long have you been doing business with the consultant? – since 2009
2. What is the response time to your questions or requests? - Within 24 hrs.
3. What are some of the things you wish the consultant would do differently? – Nothing they have made a major difference in the Investment recommendations.
4. Is the consultant receptive to new ideas/suggestions? –Absolutely.
5. Are the consultant's fees appropriate for the services received? – Yes.
6. What percentage of your portfolio is passive investments? Not sure -
7. What was your overall return last year? - - 10.71%
8. Does the consultant exceed your expectations? Would you rehire them again? Yes and we would hire them again.

9. Is there anything else we should consider before hiring this consultant? Both Retirement Boards are very pleased with Graystone and the performance of the funds, also they have done educational training to new Trustees.

Kindly reply to this email. Thank you in advance for your time.

Liz Willis
Senior Accountant
City of Naples
735 8th Street South
Naples, Florida 34102

Office: (239) 213-1814
Fax: (239) 213-7105

ewillis@naplesgov.com

Elizabeth Willis

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Please let me know if you need any further information.

Stephen K. Aldrich, Chief of Police
Holly Hill Police Department
1065 Ridgewood Avenue
Holly Hill, Florida 32117
FBI National Academy #238
(386) 248-9494 desk
(386) 248-9480 fax
saldrich@hollyhillfl.org
www.hollyhillfl.org

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119.071, Florida Statutes, please so indicate in your email or other communication. If you have any questions about the Florida public records law refer to Chapter 119 Florida Statutes.

On Thu, Mar 15, 2018 at 1:33 PM, Elizabeth Willis <ewillis@naplesgov.com> wrote:

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5. Are the consultant's fees appropriate for the services received?
6. What percentage of your portfolio is passive investments?
7. What was your overall return last year?
8. Does the consultant exceed your expectations? Would you rehire them again?
9. Is there anything else we should consider before hiring this consultant?

Kindly reply to this email. Thank you in advance for your time.

Liz Willis

Senior Accountant

City of Naples

[735 8th Street South](#)

Naples, Florida 34102

Office: [\(239\) 213-1814](tel:2392131814)

Fax: [\(239\) 213-7105](tel:2392137105)

ewillis@naplesgov.com



**PRESENTATION
TO THE
CITY OF NAPLES RETIREMENT TRUST FUNDS**

May 18, 2018

Gustavo Bikkesbakker, CPPT
Senior Vice President

Aaron Lally, CFA, CAIA
Executive Vice President

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CALIFORNIA**

**LONDON
UNITED KINGDOM**

www.meketagroup.com



Gustavo Bikkesbakker, CPPT
Senior Vice President

- 15 years' industry experience
- Consults on various public pension funds and non-profits
- Head of private markets Latin American research
- Member of the Florida Public Pension Trustee Association Advisory Board
- Certified Public Pension Trustee
- MS in Finance from Boston College
- MBA from Arthur D. Little School of Management



Aaron Lally, CFA, CAIA
Executive Vice President

- 9 years' industry experience
- Consults on various public pension funds and non-profits
- Responsible for investment policy development and asset allocation studies
- Member of the firm's Emerging Manager Committee
- Regular speaker at Florida Public Pension Trustees Association events
- BS in Economics from Boston College

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Contact Information	

Questions For Discussion

1. Do you earn fees as an advisor to a private fund or other investments that you may recommend to clients?

- No, 100% of the firm's revenue is paid directly by our clients. We believe independence from conflicts is critical.

2. Are your fees negotiable?

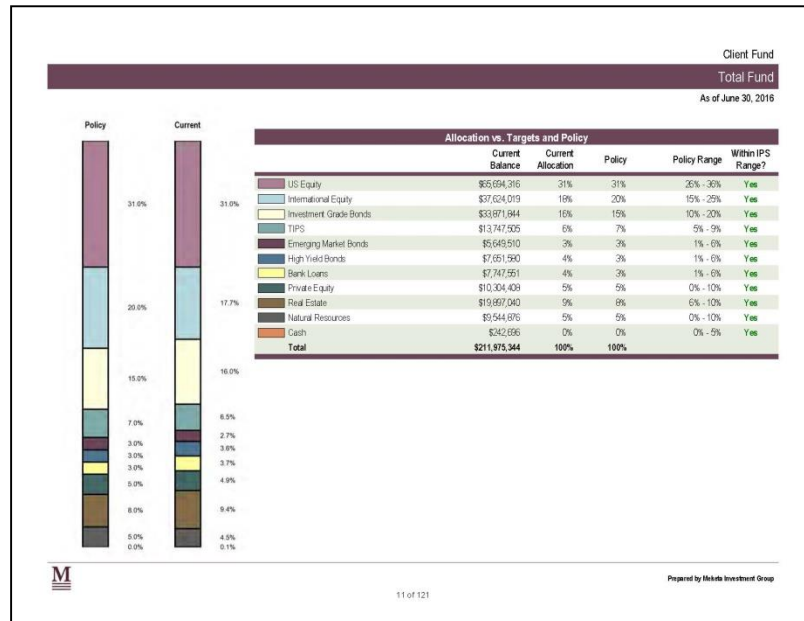
- We provide customized services based on the requested scope of services. Our proposed fee of \$65,000 per year has already been discounted from our standard minimum.
- There are no add-on fees.

3. Do you believe in market timing?

- No.

4. How do you report investment performance?

- We typically present performance net of fees.
- Performance is typically reported quarterly. Monthly reports are possible but generally not extremely insightful given most of our clients have a long-term (20+ year) investment horizon.
- We always include policy benchmark, asset class benchmarks and manager specific benchmarks. We typically provide peer rankings (for total plan and managers).



Client Fund
Total Fund
As of June 30, 2016

Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	211,875,344	100.0	2.1	4.1	1.2	6.1	5.9	5.4	8.1	Apr-87
Client Fund Custom Policy Benchmark			2.4	4.5	1.6	6.6	6.5	5.7	-	Apr-87
Consumer Price Index			1.2	1.9	1.0	1.1	1.3	1.7	2.7	Apr-87
Global Equity	113,622,742	53.6								
Domestic Equity	65,694,316	31.0	1.8	1.8	-0.4	10.3	10.9	7.4	8.1	Apr-05
Russell 3000			2.6	3.6	2.1	11.1	11.6	7.4	7.6	Apr-05
International Equity	37,624,019	17.7	1.5	4.2	-6.4	1.5	1.8	3.5	6.1	Jan-04
MSCI ACWI ex USA Intl			-0.7	-0.9	-9.6	1.7	0.4	2.2	5.5	Jan-04
Private Equity	10,304,408	4.9	-2.1	-1.0	5.3	8.9	8.7	-	-	Jul-07
Cambridge Associates Fund of Funds Composite 1-Quarter Lag			0.3	1.5	7.2	12.0	10.2	9.7	8.2	Jul-07
Fixed Income	68,687,990	32.4								
Investment Grade Bonds	33,871,844	16.0	2.6	5.9	6.3	4.4	4.1	-	5.2	Oct-06
Barclays Aggregate			2.2	5.3	6.0	4.1	3.8	5.1	4.9	Oct-06
TIPS	13,747,505	6.5	1.8	6.3	4.4	2.4	2.7	-	3.7	Jun-08
Barclays US TIPS			1.7	6.2	4.4	2.3	2.6	4.7	3.8	Jun-08
Emerging Market Debt	5,649,510	2.7	5.4	10.2	7.7	-	-	-	5.8	Oct-13
J.P. Morgan EMBI Global TR			5.4	10.9	10.3	6.4	6.2	7.9	6.7	Oct-13
High Yield Bonds	7,651,580	3.6	3.3	6.0	-0.9	3.7	4.2	-	5.6	Oct-06
Bank of America Merrill Lynch US High Yield BB-B Rated Constrained Index			4.6	7.9	2.1	4.6	5.9	7.1	6.8	Oct-06
Bank Loans	7,747,551	3.7	0.9	2.9	3.4	4.1	-	-	6.8	Oct-11
Credit Suisse Leveraged Loans			2.9	4.2	0.9	3.0	4.0	4.3	5.1	Oct-11
Real Assets	29,441,916	13.9								
Real Estate	19,897,040	9.4	3.1	6.7	16.3	14.0	12.8	6.7	10.5	Dec-03
Client Real Estate Custom benchmark			3.3	7.1	16.3	12.8	12.5	7.0	10.6	Dec-03
Natural Resources	9,544,876	4.5	6.4	9.4	-5.8	-3.1	-8.4	-	-2.6	Jun-09
Client Natural Resources Custom Benchmark			11.3	16.7	-10.9	-7.3	-9.9	-	-2.3	Jun-09
Cash	242,696	0.1								

Prepared by Meketa Investment Group

5. Who manages your money?

- Meketa Investment Group does not offer any investment strategies of its own. Our clients are only invested in external third-party investment strategies.
- Gustavo and Aaron personally manage their own (little) personal money in accordance with the firm's Code of Ethics.
 - Each Supervised Person must submit to the Chief Compliance Officer, within thirty (30) days following the close of each calendar quarter, a report detailing all personal transactions in Covered Securities during such quarter.
 - The Chief Compliance Officer will periodically review each Supervised Person's securities holdings reports and periodically review transaction reports to guard against improper trading or other conduct inconsistent with the Code of Ethics.

6. What is the smallest, average and largest portfolio you manage?

- Meketa Investment Group works with 169 clients across the country with total assets under advisement of approximately \$600 billion dollars.
- Gustavo and Aaron collectively work with 13¹ clients in total. Ten are managed from the Miami office.

Client Size	Miami Office	Firm Wide
Smallest	\$44 million	\$2 million
Average	\$422 million	\$4 billion
Largest	\$949 million	\$222 billion
Number of Clients	10	169

¹ Aaron works in a supporting role on three additional clients that are led by consultants in other Meketa Investment Group offices. Gustavo has additional responsibilities with the firm's private equity research.

7. Have you been sued or had any reported legal actions?

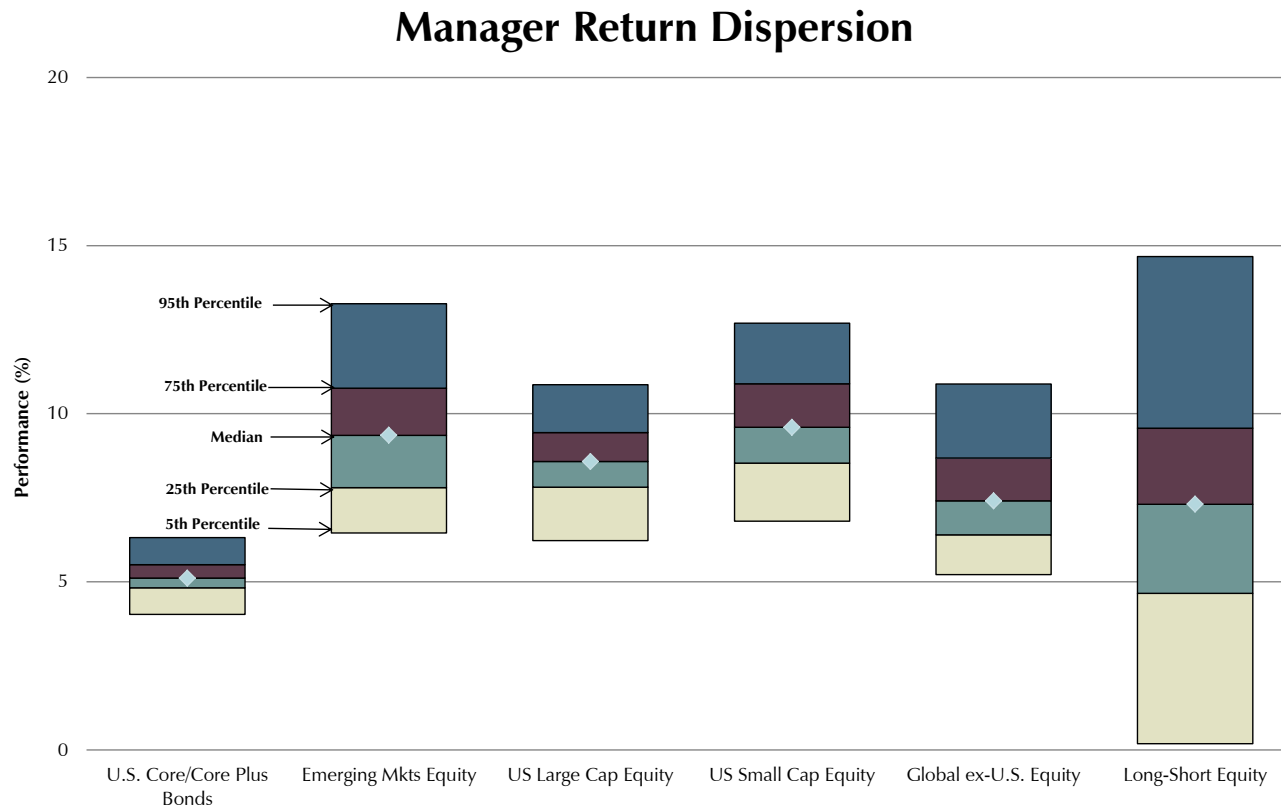
- No.

8. Please explain your strategy on passive versus active portfolio management.

- Currently 90% of Meketa Investment Group's clients invest in one or more index funds.
- Meketa Investment Group believes that certain areas of the capital markets (e.g.; large capitalization U.S. stocks and very high quality bonds) are largely "efficient."
- Quality passive strategies in efficient asset classes have a high probability of generating greater net of fees returns than active strategies in these areas. This is mainly the result of the low fees associated with passive strategies.

8. Please explain your strategy on passive versus active portfolio management (continued).

- Asset classes with wider dispersion of results are less “efficient” and better suited for active management.



8. Please explain your strategy on passive versus active portfolio management (continued).

- Future performance is uncertain but fees are guaranteed. The City of Naples could realize substantial fee savings by indexing some of its large cap U.S. equity exposure.
- This comparison assumes the City of Naples Retirement Trust Funds invest half (or all) of the domestic equity exposure in the Vanguard Large Cap Index Fund Institutional (ticker: VLISX) offered with a fee of 0.04%.

U.S. Equity Large Cap Exposure

As of 9/30/17	Current – 100% Active	Half Passive	All Passive
Market Value	\$70.7 million	\$70.7 million	\$70.7 million
Estimated Annualized Fee	\$606,816	\$317,557	\$28,298
Estimated Effective Fee	0.86%	0.45%	0.04%
Potential Change in Fees	None	-\$289,259	-\$578,518

- We estimate the City of Naples Retirement Trust Funds **could save approximately \$290,000 per year** if half of the U.S. equity large cap exposure was passive. Savings could be approximately **\$579,000 per year if all the exposure was passive.**

8. Please explain your strategy on passive versus active portfolio management (continued).

- The table below is the relative under/outperformance (net of fees) of each of the three U.S. large cap equity managers.

Excess Returns

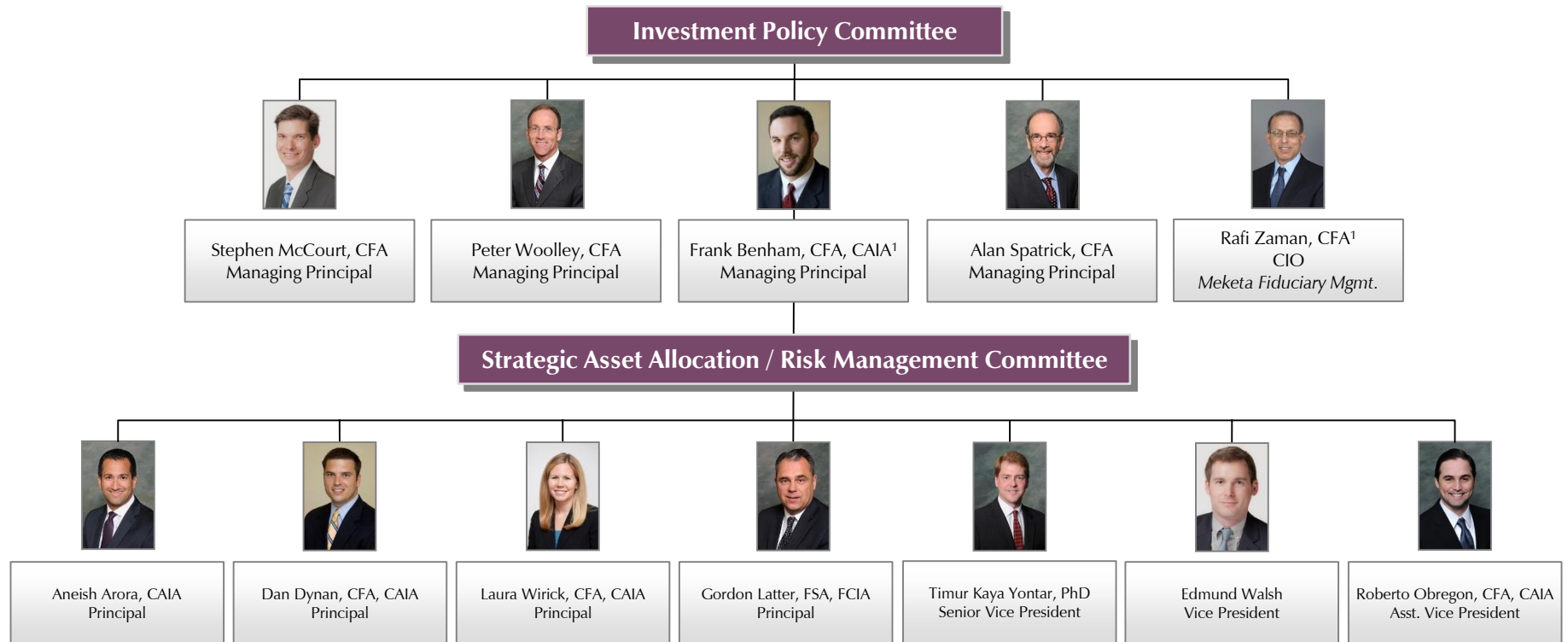
As of 9/30/17	1 Year	3 Year	5 Year	Manager Inception
Rothschild	-0.1%	-1.1%	+0.1%	+0.7%
Polen	-2.2%	+2.9%	N/A	-0.4%
Sawgrass	-6.0%	-3.5%	-2.2%	-2.2%

- Over most time periods, the U.S. equity large cap managers have failed to outperform their passive index benchmarks.

Asset Allocation Review

Investment Policy Committee

Asset allocation and risk management policy is determined by our Investment Policy Committee (IPC).



¹ Mr. Benham serves as Chairman of the IPC and the Strategic Asset Allocation/Risk Management (SAA/RM) Committee; Mr. Zaman also serves on the SAA/RM Committee.

How Do You Define Risk?

- There are a number of different ways to define risk:
 - **Not achieving the actuarial assumed rate of return**
 - Losing money
 - Return volatility
 - Underperforming peers
 - Losing purchasing power
 - Failing to meet benefit obligations
- We believe the risks that truly matter are long-term risks and are best managed through strategic asset allocation.

The Challenges of Reaching 7.5%

- Yearly returns on public pension plans have returned a median 6.8% over the past decade and 6.5% over the past 20 years.
- 75% of the 129 state pension plans monitored by the National Association of State Retirement Administrators have reduced their investment return assumption since fiscal year 2014.
- The task of reaching 7.5% is challenging but not impossible.
- Strong market returns over the past few years have improved funding status for many pension plans. At the end of 2017, pension plans experienced nine quarters of positive returns.

¹ Wilshire Trust Universe Comparison Service.

City of Naples Current Asset Allocation Policy¹

	Current Allocation Targets (%)
Equities/Growth	62.5
U.S. Equity Large Cap	42.5
U.S. Equity Small/Mid Cap	10
International Equity	10
Fixed Income	17.5
Fixed Income	17.5
Alternative Asset Classes	20
Real Estate	10
Hedge Funds/Hedge Fund-of-Funds	5
MLPs	5
<i>Expected Return</i>	7.0
<i>Standard Deviation</i>	13.6
<i>Probability of 7.5% (over 20 years)</i>	43%

¹ Expected return, standard deviation, and correlation data based on Meketa Investment Group's 2018 Annual Asset Study. Example only. Asset allocation is determined on a client by client basis.

Summary of Preliminary Observations and Recommendations

- Based on our analysis, the current asset allocation targets may not earn 7.5% over the long term.
- According to our calculations, there is only a 43% chance the current asset allocation target will exceed 7.5% over the long term.
- If hired, we would likely discuss the following with the Board of Trustees:
 - Domestic exposure vs. international – Significant “home country bias”.
 - We typically do not recommend hedge fund of funds or MLPs to our clients.
 - We would like to learn more about how the fixed income allocation is structured.

Discussion Items for the Board

- If investment returns do not produce sufficient gains over the long term, the Trustees will be faced with a variety of tough decisions.
- Many public pension plans have modified their plans and taken proactive steps to improve long term funded status.
- Some measures the Trustees may need to talk about, all come with varying levels of political challenges:
 - Lowering actuarial return.
 - Increasing employee (or employer) contributions.
 - Reducing fees and expenses where possible.
 - Increasing risk level if unwilling to reduce actuarial target (may not be advisable in current environment).

Selecting a Consultant:
What Leads to a Successful Relationship
and Successful Results?

Creating an environment of trust

- Everyone can easily articulate the facts of the past.
- No one can consistently predict the future.
- Very few can generate an environment where honest discussion leads to good ideas that lead to good results.
- We seek to create healthy discussion by putting an emphasis on trustee education.
- As a result, Trustees can freely and openly express their opinions and discuss investment ideas.
- In an environment of trust, the consultant can (and should) express agreement or disagreement (for the ultimate benefit of the plan participants).

Understanding the client (listening) and being a solution provider

- Report reader – Not Meketa.
- Someone that just assures fiduciary duties on paper – Not Meketa.
- Thought Leader – Meketa.

Meketa Investment Group Statistics

Experienced, Stable, and Independent Consulting Firm

- Since 1978, Meketa Investment Group has served as an independent fiduciary.
- Today, we are a full service investment consulting and advisory firm.
- We are 100% independently owned by senior professionals of the firm.
- We currently work with 169 clients and advise on approximately \$600 billion.
- We operate from six offices: Boston, Chicago, Miami, Portland, San Diego, and London.

Our Services

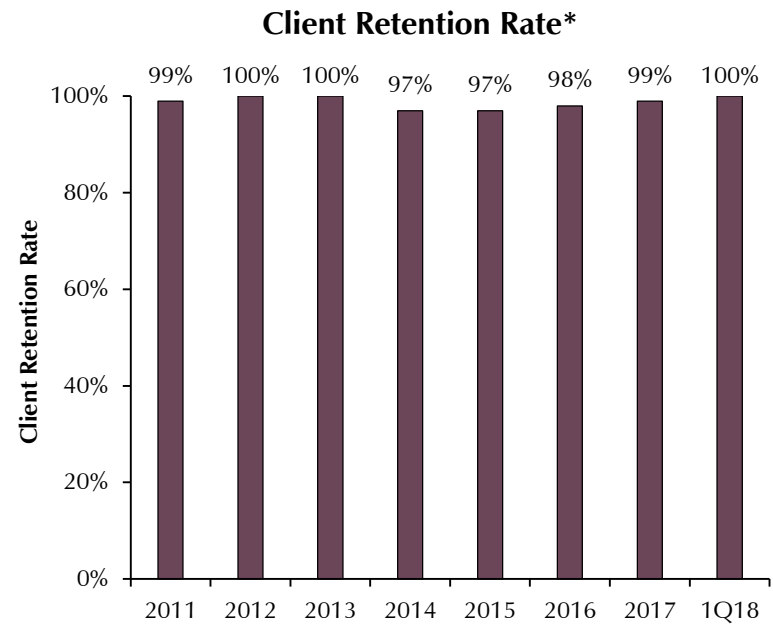
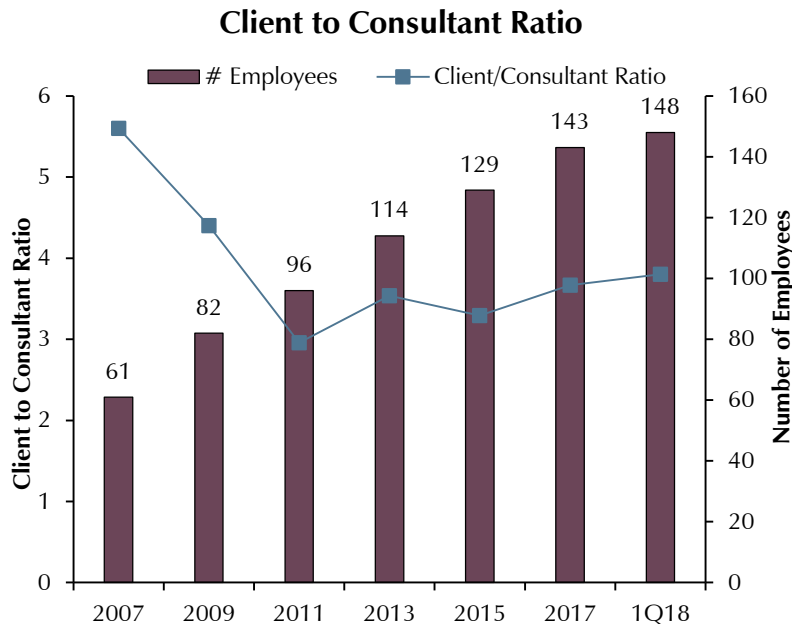
- Our general consulting advisory services include:

General Consulting Services

- Initial Fund Review
- Investment Policy Design
- Asset Allocation
- Liability & Liquidity Studies
- Manager Evaluation, Selection & Monitoring
- Fund Coordination
- Fund Reporting & Analysis
- Trustee Education

Deep & Growing Team

- We have experienced consistent and controlled growth.
- Staff of 148, including 96 investment professionals.
- 45 consultants with an average of 9 years with the firm and 20 years in the industry.
- Highly experienced staff, including: 32 CFA Charterholders, 19 CAIAs, 1 FSA, 20 MBAs, 13 Masters, 1 PhD, and 2 JDs.
- We maintain a low client to employee ratio, contributing to high client retention.



* Client Retention Rate is one minus the number of clients lost divided by the number clients at prior year end.

We Are Staffed to Provide an Intensive Level of Client Service



- Each of our clients is serviced by a team of consultants, analysts, and support staff.
- We strive to provide timely and detailed responses to all inquiries from our clients.

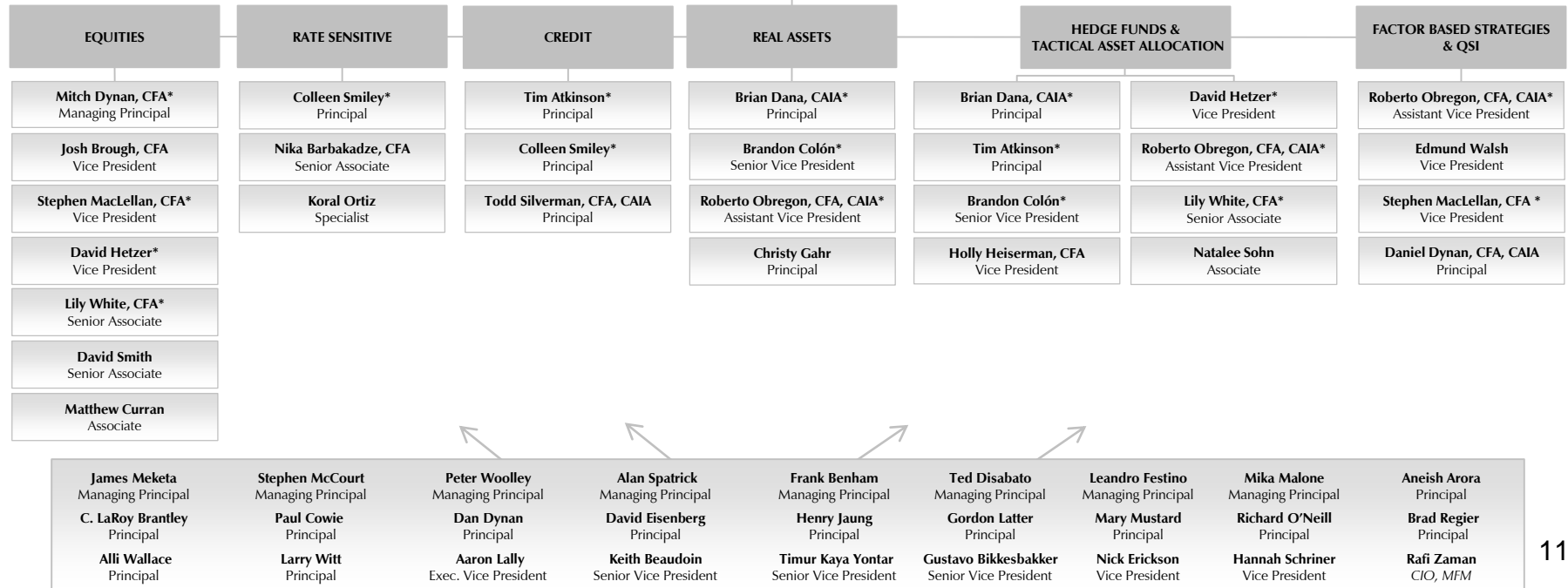
Public Markets Manager Research Organization

- 23-person research team
- Organized by asset class
- Analysts build knowledge of specific universe
- Compare and contrast to ID strongest managers
- Leverage knowledge of Consultants
- MSIC oversees manager selection and monitoring

MARKETABLE SECURITIES INVESTMENT COMMITTEE (MSIC)

Mitch Dynan, CFA* Managing Principal	Ted Benedict, CFA, CAIA Managing Principal
Brian Dana, CAIA* Principal	Ed Omata, CFA Principal
Laura Wirick, CFA, CAIA Principal	Colleen Smiley* Principal

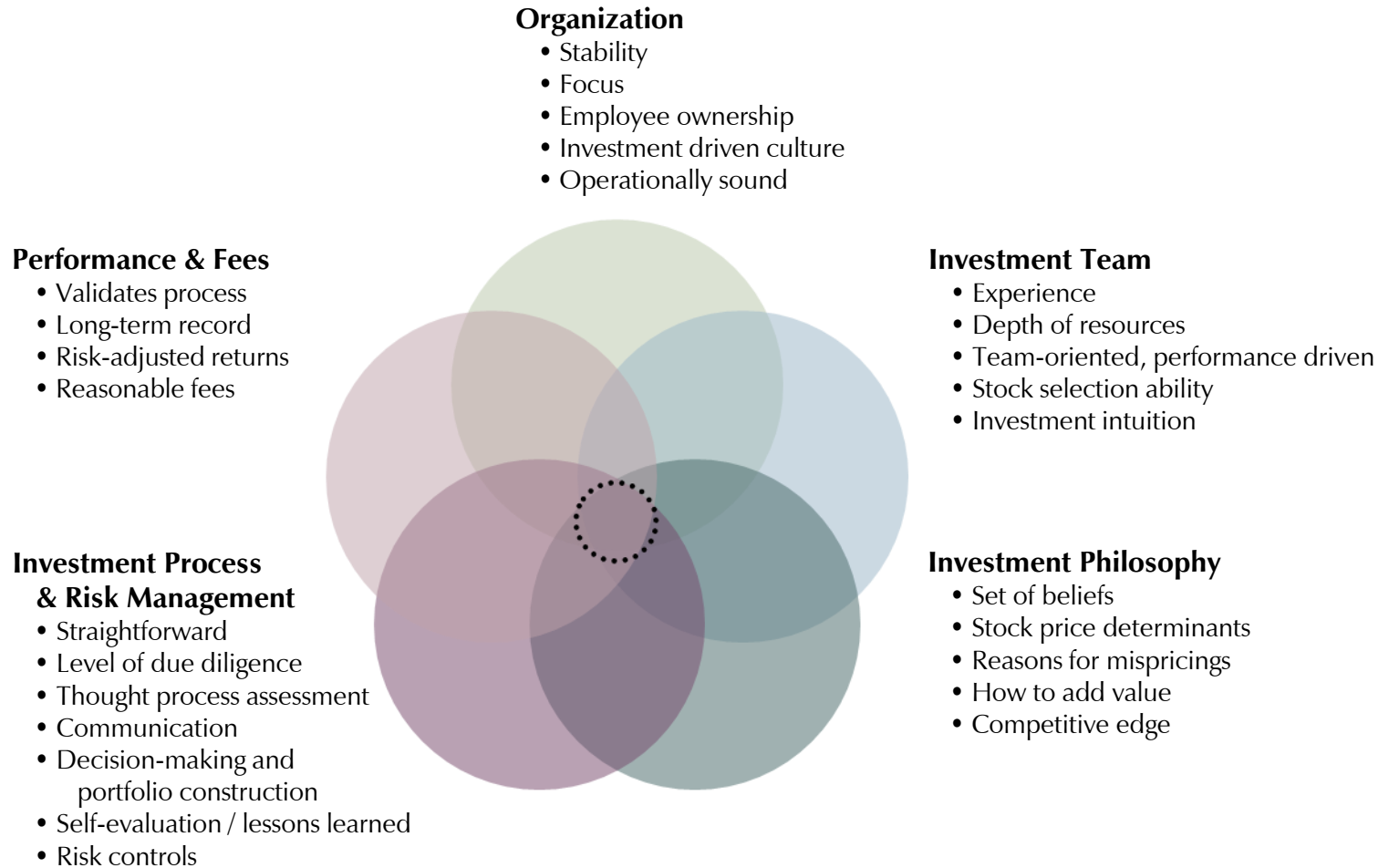
PUBLIC MARKETS DUE DILIGENCE TEAMS



* Denotes an individual with multiple roles among public asset classes.

As of March 2018.

The Five Key Areas of the Meketa Investment Manager Evaluation Process



Scope of Services & Typical Transition Plan

General Consulting Scope of Services

- Initial Fund Review
- Investment Policy Design
- Asset Allocation
- Liability & Liquidity Studies
- Manager Evaluation, Selection & Monitoring
- Fund Coordination
- Fund Reporting & Analysis
- Trustee Education

When a contract is executed, we typically propose the following transition timeline:

Week 1 to Week 3	Week 4 to Week 6	Week 7 to Week 9	Week 10 & Beyond
<ul style="list-style-type: none">☑ Gather all critical data for the City of Naples from current providers (managers, custodian, actuary, etc.)☑ Schedule due diligence meetings with each of the Retirement Trust Funds' managers☑ Begin review of investment policy, asset allocation, manager roster and other critical Retirement Trust Funds' components	<ul style="list-style-type: none">☑ Complete initial investment policy review☑ Complete initial asset allocation review☑ Complete initial manager due diligence meetings☑ Finalize Initial Fund Review	<ul style="list-style-type: none">☑ Present Initial Fund Review to Trustees☑ Review investment policy with Trustees☑ Review asset allocation policy with Trustees☑ Review manager roster analysis with Trustees	<ul style="list-style-type: none">☑ Begin to implement Trustees' decisions☑ Continue dialogue with Trustees regarding other components critical to running a successful investment program

Summary

Competitive Advantages

- Size and DNA, grew organically not by acquisitions.
- Local presence in Florida but national experience and resources.
- No conflicts of interests, objective, independent advice.
- Deep resources for manager selection and monitoring.
- Relationships with large state plans help with manager fee negotiations for all clients.
- High consultant to client ratio.

Client List

Public

City of Ann Arbor Employees' Retirement System (MI)
Arizona State Retirement System
Austin Fire Fighters Relief & Retirement Fund (TX)
Bloomington Fire Department Relief Association Pension Fund, MN
California Public Employees' Retirement System
California State Teachers' Retirement System
California's Valued Trust
District of Columbia Retirement Board
El Paso Firemen & Policemen's Pension Fund (TX)
Employees' Retirement System of the Government of the Virgin Islands
Fire and Police Retiree Health Care Fund, San Antonio (TX)
Hingham Contributory Retirement System (MA)
Illinois State Board of Investment
Industrial Commission of Arizona
Los Angeles County Employees Retirement Association (CA)
City of Marlborough Contributory Retirement System (MA)
Maryland State Retirement and Pension System
Massachusetts Housing Finance Agency Employees' Retirement System
Metropolitan Water District of Southern California
Municipal Employees' Retirement System of Louisiana
New Mexico Public Employees Retirement Association
Orange County Employees Retirement System (CA)
City of Phoenix Employees' Retirement System (AZ)
Plymouth County Retirement Association (MA)
City of Quincy Retirement System (MA)
Rhode Island Resource Recovery Corporation
City and County of San Francisco Retiree Health Care Trust Fund (CA)
San Jose Federated City Employees' Retirement System (CA)
Washington State Investment Board
Worcester Retirement System (MA)
State of Wyoming, Wyoming Retirement System

Endowment, Foundation, and Non-Profit

Albuquerque Academy
Arizona's Permanent State Land Funds Endowment
Arizona State University
Coe College
Community College League of California
Gumpert Foundation
Illinois Wesleyan University
Jacksonville University
Joint Center for Radiation Therapy Foundation, Inc.
League of Voluntary Hospitals and Homes of New York Retired Employees
Massachusetts Medical Society
Neighborhood Health Plans of Rhode Island, Inc.
Pfaffinger Foundation
Rady Children's Hospital and Health Center
South Shore Hospital
USA Volleyball Foundation
United States Polo Association
University of Wyoming Foundation
Utah State University
Utah Valley University
Warren Wilson College
Wells College

Corporate and Other For Profit

Argon Medical Devices, Inc.
Boston Herald, Inc.
Dedert Corporation
Fitch Even Tabin & Flannery
Gemalto, Inc.
The Marnell Companies, LLC
Marnell Sher Companies Associates, Inc.
The O'Connell Companies, Inc.
Solymar, Inc.

Multi-Employer and Taft-Hartley

I.A.T.S.E. Local 33
I.A.T.S.E. National Benefit Funds
Airconditioning and Refrigeration Industry
Alaska United Food and Commercial Workers
American Federation of Musicians and Employers
American Federation of Television and Radio Artists
Building Service 32BJ
Communication Workers of America
Five Rivers Carpenters
Heat & Frost Insulators Local 6
Heat and Frost Insulators and Allied Workers Local 25
Heat and Frost Insulators and Allied Workers Local 47
IBEW Local 117
IBEW Local No. 9 and Line Clearance Contractors
IBEW Local Union No. 461
International Brotherhood of Electrical Workers Local No. 150
International Union of Operating Engineers Local No. 98
Iron Workers of Western Pennsylvania
Laborers' District Council and Contractors of Ohio
Local 6 Club Employees
Local Union No. 131 International Brotherhood of Electrical Workers
Lucent Supplemental Healthcare Benefits Trust
for Formerly Represented Retirees
Massachusetts Construction Advancement Program
Massachusetts Laborers
Michigan Laborers
Minnesota Laborers
Minnesota Teamsters Construction Division
NECA-IBEW Local 364
New England Carpenters
New York State Nurses Association
New York State Teamsters

Multi-Employer and Taft-Hartley, (cont.)

New York State Teamsters Council – United Parcel Service Retiree Health Fund
Northwest Ohio Carpenters
OCU Pension and Health & Welfare Trusts
Painters and Allied Trades District Council No. 35
Plumbers & Pipefitters, Local Union #51
Plumbers Local Union No. 1
Producer-Writers Guild of America
Retail Food Employers and UFCW Local 711
Rhode Island Carpenters
Service Employees 32BJ North
Sheet Metal Workers' Local No. 9
Sheet Metal Local 10
Sheet Metal Workers' Local 219
Social Service Employees Union Local 371
Southern California Pipe Trades
Southern California Plastering Institute
Southern California United Food & Commercial Workers Unions
Southern Nevada Carpenters
Teamsters Local 251
Teamsters Union 25
Teamsters Union Local 170
Twin City Iron Workers
UA Local 125
UNITE HERE Local 25 and Hotel Association of Washington, D.C.
Western States Insulators and Allied Workers

VEBA

Goodyear Retiree Healthcare Trust
National Steel Retiree VEBA Benefit Plan
VEBA for Retirees of Kaiser Aluminum
Union Pacific Railroad Employes Health Systems

M E K E T A I N V E S T M E N T G R O U P

BOSTON

100 Lowder Brook Drive
Suite 1100
Westwood, MA 02090
Tel: (781) 471-3500

CHICAGO

One E Wacker Drive
Suite 1210
Chicago, IL 60601
Tel: (312) 474-0900

SAN DIEGO

5796 Armada Drive
Suite 110
Carlsbad, CA 92008
Tel: (760) 795-3450

PORTLAND

205 SE Spokane Street
Suite 300
Portland, OR 97202
Tel: (971) 202-5082

MIAMI

5200 Blue Lagoon Drive
Suite 120
Miami, FL 33126
Tel: (305) 341-2900

LONDON

41-43 Brook Street
London W1K 4HJ
U.K.
Tel: +44 (0)20 3841 6255

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:12 AM
To: Greg Givens
Subject: FW: RFP Reference - Meketa Investment Group

From: Elizabeth Willis
Sent: Friday, March 16, 2018 8:22 AM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP Reference - Meketa Investment Group

From: Warren Ponder <warren@mersla.com>
Sent: Thursday, March 15, 2018 4:58 PM
To: Elizabeth Willis <ewillis@naplesgov.com>
Cc: Chris Saik <chris@mersla.com>
Subject: RE: RFP Reference - Meketa Investment Group

CAUTION: This email originated from outside of the City of Naples e-mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Liz,

I am sending this to Chis Saik, the Chief Investment Officer for MERS, but as the Director, I have been very pleased with Meketa.

wdp

From: Elizabeth Willis [<mailto:ewillis@naplesgov.com>]
Sent: Thursday, March 15, 2018 3:51 PM
To: Warren Ponder <warren@mersla.com>
Subject: RFP Reference - Meketa Investment Group

Good Afternoon:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Meketa Investment Group. Could you please take a moment to answer a few questions regarding your experience with Meketa Investment Group?

1. How long have you been doing business with the consultant?
2. What is the response time to your questions or requests?
3. What are some of the things you wish the consultant would do differently?
4. Is the consultant receptive to new ideas/suggestions?
5. Are the consultant's fees appropriate for the services received?
6. What percentage of your portfolio is passive investments?

7. What was your overall return last year?
8. Does the consultant exceed your expectations? Would you rehire them again?
9. Is there anything else we should consider before hiring this consultant?

Kindly reply to this email. Thank you in advance for your time.

Liz Willis
Senior Accountant
City of Naples
735 8th Street South
Naples, Florida 34102

Office: (239) 213-1814
Fax: (239) 213-7105

ewillis@naplesgov.com

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:12 AM
To: Greg Givens
Subject: FW: RFP Reference - Meketa Investment Group

From: Elizabeth Willis
Sent: Friday, March 16, 2018 8:22 AM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP Reference - Meketa Investment Group

From: Chris Saik <chris@mersla.com>
Sent: Thursday, March 15, 2018 6:00 PM
To: Elizabeth Willis <ewillis@naplesgov.com>
Subject: RE: RFP Reference - Meketa Investment Group

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Liz-

1. I have been doing business with Meketa for 18 months; however, MERS and Meketa have been working together since 2013.
2. I usually receive a response within the same business day.
3. I do not feel much is lacking with Meketa's client interaction.
4. Meketa has never been opposed to suggestions from staff and/or trustees.
5. Having conducting a RFP for consulting services within the last few years, I believe Meketa's fees are appropriate for the services received.
6. As of 1/31/18, MERS held 59% of its portfolio in passive investments.
7. Extenuating conditions stemming from our previous administration have led to nearly \$200 million in write-offs spread across the prior decade; \$45 million of these write-offs occurred in the last audit, so our recent performance is not indicative of Meketa's influence on the portfolio.
8. Meketa has exceeded my expectations, and I would recommend to my board of trustees to retain their services going forward.
9. I recommend Meketa based on my experience with other consultants.

Christopher Saik
Chief Investment Officer
Municipal Employees' Retirement System (MERS)
225.448.5976

From: Elizabeth Willis [<mailto:ewillis@naplesgov.com>]
Sent: Thursday, March 15, 2018 3:51 PM
To: Warren Ponder <warren@mersla.com>
Subject: RFP Reference - Meketa Investment Group

Good Afternoon:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Meketa Investment Group. Could you please take a moment to answer a few questions regarding your experience with Meketa Investment Group?

1. How long have you been doing business with the consultant?
2. What is the response time to your questions or requests?
3. What are some of the things you wish the consultant would do differently?
4. Is the consultant receptive to new ideas/suggestions?
5. Are the consultant's fees appropriate for the services received?
6. What percentage of your portfolio is passive investments?
7. What was your overall return last year?
8. Does the consultant exceed your expectations? Would you rehire them again?
9. Is there anything else we should consider before hiring this consultant?

Kindly reply to this email. Thank you in advance for your time.

Liz Willis
Senior Accountant
City of Naples
735 8th Street South
Naples, Florida 34102

Office: (239) 213-1814
Fax: (239) 213-7105

ewillis@naplesgov.com

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:11 AM
To: Greg Givens
Subject: FW: RFP Reference Response From Austin Fire

From: Elizabeth Willis
Sent: Friday, March 16, 2018 12:27 PM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP Reference Response From Austin Fire

From: Bill <Bill@afrs.org>
Sent: Friday, March 16, 2018 11:23 AM
To: Elizabeth Willis <ewillis@naplesgov.com>
Subject: RE: RFP Reference Response From Austin Fire

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From: Linda
Sent: Friday, March 16, 2018 5:53 AM
To: Bill <Bill@afrs.org>
Subject: RFP Reference - Meketa Investment Group

Good Afternoon Mr. Stefka:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Meketa Investment Group. Could you please take a moment to answer a few questions regarding your experience with Meketa Investment Group?

1. How long have you been doing business with the consultant? **4 years.**
2. What is the response time to your questions or requests? **Very timely and keeps us posted along the way.**
3. What are some of the things you wish the consultant would do differently? **Maybe condense their reports. A work-in-progress.**
4. Is the consultant receptive to new ideas/suggestions? **Always.**
5. Are the consultant's fees appropriate for the services received? **Very competitive, while fees not a top priority, it was a nice bonus.**
6. What percentage of your portfolio is passive investments? **Currently 18.4%.**
7. What was your overall return last year? **17%, net of fees.**
8. Does the consultant exceed your expectations? Would you rehire them again? **They do, and yes.**

9. Is there anything else we should consider before hiring this consultant? **We work with Aaron Lally a lot who is in their Miami office and he is a gem. Leo Festino is the lead consultant, and both are very knowledgeable and bring good ideas (and managers) to the table. They have helped us with their quarterly and annual “road maps” which sets our goals and targets to be addressed and keeps us on track. Also very helpful with our investment policy and operating procedures.**

Kindly reply to this email. Thank you in advance for your time.

Liz Willis
Senior Accountant
City of Naples
735 8th Street South
Naples, Florida 34102

Office: (239) 213-1814
Fax: (239) 213-7105

ewillis@naplesgov.com

Liz:

Thanks for your inquiry regarding Meketa. Our response is above. In a nutshell, we are very pleased with them. Thanks again!

Bill Stefka, Administrator
Austin Firefighters Pension Fund

512.454.9567

Elizabeth Willis

From: Elizabeth Willis
Sent: Thursday, March 22, 2018 10:10 AM
To: Greg Givens
Subject: FW: RFP Reference - Meketa Investment Group

From: Elizabeth Willis
Sent: Wednesday, March 21, 2018 10:21 AM
To: Ellen Seigel <ESeigel@naplesgov.com>; Lori McCullers <LMcCullers@naplesgov.com>; Joe Whitehead (jmw92@comcast.net) <jmw92@comcast.net>; Seth Finman <sfinman@naplesgov.com>; Pete DiMaria <pdimaria@naplesgov.com>; Michael Nichols <mnichols@naplesgov.com>
Subject: FW: RFP Reference - Meketa Investment Group

From: Thomas, Bruce <bthomas@usvigiers.com>
Sent: Wednesday, March 21, 2018 10:20 AM
To: Elizabeth Willis <ewillis@naplesgov.com>
Subject: RE: RFP Reference - Meketa Investment Group

CAUTION: This email originated from outside of the City of Naples e-mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Liz,

Please see my responses below.

Respectfully,

Bruce Thomas, CFA, CAIA, CIPM
INVESTMENT OFFICER

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE VIRGIN ISLANDS
3004 Estate Orange Grove | Ste. 1 | Christiansted, VI 00820-4260
B: 340.718.5480 x 5420
F: 340.718.3951
E: bthomas@usvigiers.com



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Please consider the environment before printing this e-mail. We encourage environment awareness.

From: Elizabeth Willis [<mailto:ewillis@naplesgov.com>]
Sent: Thursday, March 15, 2018 4:54 PM
To: Thomas, Bruce <bthomas@usvigors.com>
Subject: RFP Reference - Meketa Investment Group

Good Afternoon Mr. Stefka:

The City of Naples is currently reviewing an RFP for investment consultant services. Your fund was listed as a reference for Meketa Investment Group. Could you please take a moment to answer a few questions regarding your experience with Meketa Investment Group?

1. How long have you been doing business with the consultant? **Six years**
2. What is the response time to your questions or requests? **Within two hours**
3. What are some of the things you wish the consultant would do differently? **Nothing**
4. Is the consultant receptive to new ideas/suggestions? **Yes**
5. Are the consultant's fees appropriate for the services received? **Yes**
6. What percentage of your portfolio is passive investments? **38%**
7. What was your overall return last year? **14.9%**
8. Does the consultant exceed your expectations? Would you rehire them again? **The consultant meets expectation, and would be hired again.**
9. Is there anything else we should consider before hiring this consultant? **No**

Kindly reply to this email. Thank you in advance for your time.

Liz Willis
Senior Accountant
City of Naples
735 8th Street South
Naples, Florida 34102

Office: (239) 213-1814
Fax: (239) 213-7105

ewillis@naplesgov.com

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

6. Make recommendation of award if possible

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

7. Correspondence / Announcements / Communications

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

1. Roll Call

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

2. Items to be added

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

3. Public Comment

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

-

Joint General / Police Officers' / Firefighters' Pension Boards of Trustees

Agenda Item Report

Submitted by: Liz Wilis
Submitting Department: Finance
Meeting Date: May 18, 2018

SUBJECT

4. Approval of refunds of Contributions

Legislative Type:

Funding Source:

Recommendation:

ATTACHMENTS

- [Binder1.pdf](#)



City of Naples

FINANCE DEPARTMENT
TELEPHONE (239) 213-1815 • FACSIMILE (239) 213-1805
735 EIGHTH STREET SOUTH • NAPLES, FLORIDA 34102-6796

TO: GENERAL EMPLOYEES' PENSION TRUSTEES
FROM: LIZ WILLIS
DATE: MAY 18, 2018
SUBJECT: RETURN OF PENSION CONTRIBUTIONS

<u>NAME</u>	<u>CREDITED SERVICE</u>	<u>EMPLOYEE</u> <u>CONTRIBUTION</u> (with interest)	<u>CITY</u> <u>CONTRIBUTION</u> (with interest)	<u>TOTAL</u>
1. Donna Bayless	11 years, 6 months	\$26,208.30	\$64,526.17	\$90,734.47
2. Bret Bayless	7 years, 6 months	\$14,399.52	\$35,224.27	\$49,623.78

GENERAL PENSION CITY CONTRIBUTION							
NAME:	BAYLESS, DONNA				AS OF:	5/17/2018	
	EMPLOYEE			EMPLOYER	EMPLOYER	EMPLOYER	
YEAR	CONTRIBUTION	INT @ 5.5%		CONTRIBUTION	INT @5.5%	BALANCE	
1997	-	-	-	-	-	-	
1998	-	-	-	-	-	-	
1999	-	-	-	-	-	-	
2000	-	-	-	-	-	-	
2001	-	-	-	-	-	-	
2002	-	-	-	-	-	-	
2003	-	-	-	-	-	-	
2004	-	-	-	-	-	-	
2005	-	-	-	-	-	-	
2006	-	-	-	-	-	-	
2007	\$443.65	12.20	455.85	\$812.79	22.35	835.14	
2008	\$1,492.38	66.11	2,014.34	\$2,737.03	121.20	3,693.37	
2009	\$1,743.98	158.75	3,917.07	\$4,482.02	326.39	8,501.78	
2010	\$1,709.76	262.46	5,889.29	\$4,916.91	602.81	14,021.51	
2011	\$1,778.42	372.82	8,040.53	\$5,468.06	921.55	20,411.12	
2012	\$1,785.16	491.32	10,317.01	\$3,909.62	1,230.13	25,550.87	
2013	\$1,813.52	617.31	12,747.83	\$4,446.62	1,527.58	31,525.07	
2014	1,785.00	750.22	15,283.05	4,449.75	1,856.25	37,831.06	
2015	1,893.37	892.64	18,069.06	4,892.70	2,215.26	44,939.02	
2016	1,949.33	1,047.40	21,065.79	5,037.07	2,610.17	52,586.26	
2017	2,007.55	1,213.83	24,287.17	4,503.43	3,016.09	60,105.78	
2018	1,328.03	593.10	26,208.30	2,961.53	1,458.87	64,526.17	
TOTALS	19,730.15	6,478.15	26,208.30	48,617.53	15,908.64	64,526.17	
				AMOUNT TO BE PAID		\$ 90,734.47	

GENERAL PENSION CITY CONTRIBUTION						
NAME:	BAYLESS, BRET			AS OF:	5/17/2018	
YEAR	EMPLOYEE CONTRIBUTION	INT @ 5.5%		EMPLOYER CONTRIBUTION	EMPLOYER INT @5.5%	EMPLOYER BALANCE
1997	0.00	0.00	0.00	0.00	0.00	0.00
1998	0.00	0.00	0.00	0.00	0.00	0.00
1999	0.00	0.00	0.00	0.00	0.00	0.00
2000	0.00	0.00	0.00	0.00	0.00	0.00
2001	0.00	0.00	0.00	0.00	0.00	0.00
2002	0.00	0.00	0.00	0.00	0.00	0.00
2003	0.00	0.00	0.00	0.00	0.00	0.00
2004	0.00	0.00	0.00	0.00	0.00	0.00
2005	0.00	0.00	0.00	0.00	0.00	0.00
2006	0.00	0.00	0.00	0.00	0.00	0.00
2007	0.00	0.00	0.00	0.00	0.00	0.00
2008	0.00	0.00	0.00	0.00	0.00	0.00
2009	0.00	0.00	0.00	0.00	0.00	0.00
2010	0.00	0.00	0.00	0.00	0.00	0.00
2011	522.20	14.36	536.56	1,619.88	44.55	1,664.43
2012	1,473.09	70.02	2,079.67	3,226.02	180.26	5,070.71
2013	1,643.27	159.57	3,882.51	4,029.26	389.69	9,489.66
2014	1,728.43	261.07	5,872.01	4,307.43	640.39	14,437.47
2015	1,867.92	374.33	8,114.26	4,826.65	926.79	20,190.92
2016	1,851.86	497.21	10,463.33	4,785.31	1,242.10	26,218.33
2017	1,912.33	628.07	13,003.73	4,264.30	1,559.28	32,041.90
2018	1,068.40	327.38	14,399.52	2,382.55	799.81	35,224.27
TOTALS	12,067.50	2,332.02	14,399.52	29,441.40	5,782.87	35,224.27
				AMOUNT TO BE PAID		\$49,623.78