

TAB 1

Law Offices

Christiansen & Dehner, P.A.

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April 12, 2010

Mr. Raymond Dielman, Chairman
Palmetto General Employees' Retirement System
516 8th Avenue West
Palmetto, Florida 34220-1209

Re: Revised Agreements with Morgan Stanley Smith Barney (Agreement For Investment Monitoring and Advisory Services and Amendment to Fiduciary Services Unaffiliated Manager Program Agreement)

Dear Ray:

I have negotiated and renegotiated, respectively, changes to the new Agreement for Investment Performance Monitoring and Advisory Services and the existing Citigroup Global Markets Inc. Fiduciary Services Unaffiliated Manager Program Agreement with Morgan Stanley Smith Barney ("MSSB") and I feel I have accomplished as much protection for the plan as I can. As you know, these agreements had to be added and revised in order to accommodate our investment in the alternative investments (fund of funds). MSSB will be a fiduciary to the plan as if we were subject to ERISA and the conflicts and potential conflicts which are disclosed in the agreements will not lessen the fiduciary responsibility.

With this letter I am enclosing:

1. Agreement for Investment Performance Monitoring and Advisory Services (3 copies for signature when approved by the Board).
2. Amendment to Citigroup Global Market, Inc. Fiduciary Services Unaffiliated Manager Program Agreement (3 copies for signature when approved by the Board).
3. Letter dated March 25, 2010 from Paul Gallagher of MSSB confirming the separate nature of the various contracts with MSSB.
4. Letter from me containing my opinion and observations regarding the investment in Private Advisors Stable Fund, Ltd. This is the fund of funds investment that was chosen by the Board.

Mr. Raymond Dielman, Chairman
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5. "Side Letter" dated March 19, 2010 from Private Advisors further protecting the plan and clarifying provisions in the fund document (One signed copy to be returned to Private Advisors)

One final issue that the Board must consider is the relationship between MSSB and the P.A. Stable Value Fund, Ltd. The City of Palmetto General Employees Retirement System contains the following language:

"At least once every three (3) years, and more often as determined by the Board, the Board shall retain a professionally qualified **independent consultant** to evaluate the performance of all current investment managers and make recommendations regarding the retention of all such investment managers. These recommendations shall be considered by the Board at its next regularly scheduled meeting."

MSSB is currently fulfilling this "independent consultant" role for the plan.

I have inquired of MSSB how it can act as placement agent for P.A. Stable Value Fund, Ltd., whether or not it "waives" the direct fee, and also meet the requirement to be an independent consultant. Its continuing relationship with P.A. Stable Value Fund, Ltd. means it has a responsibility to the Fund which can very likely conflict with its fiduciary duty to advise the Board. Going forward, it will be providing advice to the Board on whether to retain or replace P.A. Stable Value Fund, Ltd., which advice directly affects and conflicts with its contractual relationship with that manager. I have recently been informed that MSSB has retained the services of an "outside" law firm to respond to this concern. I would recommend that the Board receive and review this response to my inquiry before making its final decision on this investment.

Yours very truly,



Scott R. Christiansen

SRC/dm
Enclosures

cc: Mike DeGenova
Charlie Mulfinger
Diane Ponder

**AGREEMENT FOR INVESTMENT PERFORMANCE MONITORING
AND ADVISORY SERVICES**

This Agreement entered into this ____ day of _____, 2010, between **Morgan Stanley Smith Barney LLC through Its Graystone Consulting Business** (hereinafter referred to as the "Monitor"), and **The Board Of Trustees Of the City of Palmetto General Employees' Retirement System** (hereinafter called the "Client").

WITNESSETH:

WHEREAS, Monitor is in the business of providing investment performance monitoring and advisory services, and

WHEREAS, Client is vested with the authority and responsibility for the investment and administration of the assets of the City of Palmetto General Employee Pension Fund (hereinafter referred to as the "Plan") and;

WHEREAS, Client desires Monitor to provide investment performance monitoring and advisory services with respect to the Plan;

NOW, THEREFORE, in consideration of the premises and mutual promises herein contained, the parties agree as follows:

A. SERVICES OF MONITOR

Monitor shall provide the following services to the Client as shown below:

1. Investment Policy/Guideline Development.
2. Investment Policy/Guideline Review.
3. Asset Allocation Consulting.
4. Investment Manager Search.
5. Measurement by Objective/Performance Analysis with written reports and oral presentation to the Board on a quarterly basis.
6. Monitor and report on investment manager's compliance with the plan documents and investment policy on a quarterly basis.
7. Monitor and report on execution of trades and transaction costs on a quarterly basis.

8. Recommendations regarding passive investment strategies and investment vehicles.

B. RESPONSIBILITIES OF CLIENT

Client agrees to provide or cause its accountants, trustees, investment managers and legal advisors to provide information regarding income, investment performance, and other pertinent matters relating to the Plan as requested by Monitor from time to time. Client, through its authorized representative, also agrees to communicate the Plan's needs and goals to Monitor and to keep Monitor informed of changes in Client's situation, needs and goals. Monitor shall not be required to verify any information obtained from Client, Client's or Plan's accountants, actuaries, trustees, investment managers and legal advisors and is expressly authorized to rely thereon.

C. CONFIDENTIALITY

All information and advice furnished by either party to the other, including their agents and employees, shall be treated as confidential and not disclosed to third parties except as agreed upon in writing or required by law. Monitor is herein given absolute authority by Client to disclose, provide copies of, and communicate information obtained from Client or developed by Monitor to Client's investment manager and Client's attorney.

D. BASIS OF ADVICE

Client acknowledges that Monitor obtains information from a wide variety of publicly available sources and certain private sources. The advice provided by Monitor to Client is based upon its analysis of such information.

E. REPRESENTATIONS OF MONITOR

Monitor hereby represents that:

1. Monitor is not the Client's investment manager nor is Monitor in any way compensated by nor does Monitor have any affiliation whatsoever with any Plan investment manager, except as disclosed herein, and
2. Monitor will make all calculations according to the Bank Administration Institute method of calculating time weighted rate of return; and
3. Monitor has at least three (3) years experience in the public sector monitoring pension plan performance.

F. FEES TO MONITOR

In consideration of the services rendered by Monitor, Client shall pay to Monitor the fee as outlined in Exhibit A. The fee shall remain in effect for a minimum of three (3) years from the effective date of this Agreement

G. TERMINATION

Client shall have the right to termination of this Agreement and full refund of any fees paid for five (5) business days after the signing of this Agreement. Client shall give Monitor written notice of termination. After the initial five (5) day period, Client may terminate this Agreement at any time on thirty (30) days written notice or Monitor may terminate this Agreement at any time on ninety (90) days written notice and charges for services completed will be prorated based on the total fees as set forth in Paragraph F.

H. MISCELLANEOUS.

1. By execution of this Agreement, the Monitor acknowledges that it is a fiduciary of the Plan within the meaning of Section 112.656, Florida Statutes. Although the Plan is not covered by the Employee Retirement Income Security Act of 1974 (ERISA), the Monitor shall be a fiduciary of the Plan as if the Plan were subject to ERISA.

2. Neither party hereto may assign, convey, or otherwise transfer any of its rights, obligations, or interest herein without the prior express written consent of the other party.

3. This Agreement represents the complete agreement of the parties with regard to the subject matter and supersedes any prior understanding or agreement, oral or written.

4. This Agreement may be amended or revised only by an instrument in writing signed by Client and Monitor.

5. The validity of this Agreement and of any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by the laws of the State of Florida.

6. This Agreement may be executed in several counterparts, each of which shall be deemed an original.

7. Any action arising under this Agreement shall be brought exclusively in Volusia County.

8. This Agreement shall become effective and shall replace and supersede all prior agreements between the parties, upon execution.

9. Monitor agrees to obtain and maintain in full force and effect under the terms of this Agreement, errors and omission liability insurance with minimum limits of coverage of

\$1,000,000 per occurrence. Monitor agrees to annually provide a certificate of insurance to the Board evidencing the required coverage.

10. In the event that a plan manager elects to trade through Monitor, Monitor shall only be entitled to be paid for commissions generated from trades made on a "best execution" basis within the meaning of ERISA Technical Release No. 86-1 (i.e. competitive commission cost as well as quality and reliability of execution).

I. REQUIRED DISCLOSURES.

1. Monitor is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Monitor shall deliver information providing disclosures regarding the Monitor's background and business practices along with Part II of Monitor's Form ADV filed with the S.E.C. Client acknowledges receipt of a copy of the Graystone Consulting and Morgan Stanley Smith Barney Consulting Group Descriptive Brochure (Schedule H of Form ADV). Monitor shall provide Client with a copy of the required disclosure on an annual basis.

2. Client understands that MSSB is affiliated with Morgan Stanley and Citigroup and thus SB has a conflict of interest to recommend Morgan Stanley and Citigroup affiliated mutual funds or other investment products. Client understands that Monitor, and its affiliates may perform, among other things, investment banking research, brokerage, and investment advisory services for other clients. Client recognizes that Monitor may give advice and take action in the performance of their duties to such clients (including those who may also be participants in the Consulting Group Institutional Services program) which may differ from advice given, or in the timing and nature of action taken, with respect to Client. Moreover, Monitor or any of its affiliates may advise or take action with respect to itself or themselves differently than with respect to Client. Nothing in this Agreement shall be deemed to impose on Monitor or any of its affiliates any obligation to recommend any investment manager or to purchase or sell, or recommend for purchase or sale, or recommend for purchase or sale, for its or their own account, or for the account of any other client, nor shall anything on this Agreement be deemed to impose upon Monitor or any of its affiliates any obligation to give Client the same advice as may be given to any other clients. Client further understands that any investment manager may from time to time and as it deems advisable, consistent with applicable law, effect securities transaction with or through Monitor for the accounts of other clients and that Monitor may earn brokerage commissions or other compensation in connection with those transactions. Monitor, its affiliates, employees, including Financial Advisors may invest with any investment manager.

By reason of its investment banking or other activities, Monitor and its affiliates may from time to time acquire confidential information and information about corporations and other entities and their securities. Clients acknowledges and agrees that Monitor will not be free to divulge to Client or any Advisor, or to act upon, such information with respect to its or their activities, including its or their activities with respect to this Agreement.

Client understand that Monitor's Financial Advisors may receive a financial benefit from any investment manager in the form of compensation for trade executions for the accounts of the investment manager or accounts that are managed by such investment manager, or through referrals of brokerage or investment advisory accounts to the Financial Advisor by such investment manager. Moreover, Monitor may have trading, investment banking or other business relationships with such investment manager. These investment managers may include an investment manager recommended to clients by the Financial Advisor in any of the Consulting Group programs.

Global Transactions Services ("GTS"), a business unit of Citigroup's Corporate and Investment Banking Group, receives compensation for providing administrative and back office services to investment management firms. These investment management firms may include Managers and Mutual Funds that are recommended pursuant to this Agreement.

3. Monitor hereby acknowledges that the above-mentioned disclosures and potential conflicts of interest will not affect the integrity of Monitor's investment advisor research or recommendations, nor will it reduce or alter Monitor's obligations or responsibilities as a fiduciary to the plan as set forth in Paragraph H.1., above. Monitor will act and provide unbiased investment advice that is in the best interest of the Client. Monitor will make every effort to disclose or mitigate any conflict of interest that affects the integrity of Monitor's investment advisor research or recommendations, or causes the firm to render advice that is not disinterested and will avoid any departures from the fiduciary standard. In addition, Monitor acknowledges that Graystone Consulting Institutional Consulting Director, Charlie Mulfinger, and all local team members assigned to Client will not be compensated for any such aforementioned activity.

J. PUBLIC ENTITY CRIMES BILL.

Section 287.133, Florida Statutes, provides that a person or affiliates who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and

may not transact business with any public entity in excess of the threshold amount provided in Section 284.017, Florida Statutes, for CATEGORY TWO for a period of thirty-six (36) months from the date of being placed on the convicted vendor list.

IN WITNESS WHEREOF, the Client has signed duplicates hereof, and Morgan Stanley Smith Barney LLC, through its Graystone Consulting business, has caused its corporate name to be signed to said duplicates by its proper officers thereunto duly authorized on the day and in the year first above written.

Morgan Stanley Smith Barney LLC
Through its Graystone Consulting business

City of Palmetto
City of Palmetto General Employees'
Retirement System

By: _____
Henry Kaplan, Managing Director
Associate Director of Consulting Group
2000 Westchester Avenue
2nd Floor
Purchase, New York 10577

By: _____
Chairman

ATTEST:

ATTEST:

By: _____

By: _____

Exhibit A
to
Institutional Services Agreement

Asset Based Fee

Client shall pay Graystone for its services quarterly (on a calendar quarter basis) in arrears an annual fee as a percent of the market value of the Account based on the following schedule (the "Fee"). The Fee includes all fees or charges of Graystone and MSSB (including brokerage commissions, compensation to MSSB Financial Advisors and CGM custodial charges) except certain costs or charges associated with the Account or certain securities transactions, including dealer mark-ups or mark-downs, auction fees, certain odd-lot differentials, exchange fees, transfer taxes, electronic fund and wire transfer fees; charges imposed by custodians other than CGM; fees imposed in connection with MSSB Financial Management Accounts; certain fees in connection with custodial, trustee and other services rendered by a MSSB affiliate; SEC fees on securities trades; any other charges mandated by law; and certain fees in connection with the establishment or administration or termination of retirement or profit sharing plans or trust accounting. In addition, brokerage commissions and other fees and charges imposed because an Advisor chooses to effect securities transactions for the Account with or through a broker-dealer other than CGM will be separately charged to the Account. The Fee does not include any fees or charges of any affiliated or unaffiliated advisor retained by Client or CGM. If an affiliate of MSSB (including CGMI or Morgan Stanley is a member of the underwriting syndicate from which a security is purchased, MSSB of its affiliates may indirectly benefit from such purchase.

The initial Fee payment will cover the period from the opening date through the last business day of the next full calendar quarter and shall be pro-rated accordingly. The Fee shall be paid quarterly in arrears based on the Account's market value on the last business day of the previous calendar quarter and shall become due the following business day.

A final fee will be determined based on the account value on the date of termination, pro-rated based on the number of days from the first day of the immediately preceding quarter through the date of termination.

In computing the market value of any securities or other investments in the Account, securities listed on any national securities exchange shall be valued, as of the valuation date, at the composite closing price (at the consolidated trade price). Any other securities or investments in the Account shall be valued in a manner determined in good faith by CGM, in its sole discretion, to reflect market value. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the assets in the Account.

FEE SCHEDULE

Account Asset Value	Annual Graystone Fee to Client
On the first \$10,000,000	0.55%
On the next \$10,000,000	0.40%
On the next \$20,000,000	0.30%
On the next \$60,000,000	0.20%
On amounts over \$100,000,000	0.10%

**GRAYSTONE CONSULTING
INSTITUTIONAL SERVICES AGREEMENT
EXHIBIT B
AGENCY TRADING ACKNOWLEDGEMENT**

Investment Advisor Name: _____

Client Name: _____

Investment Advisor Address: _____

Account Number: _____

As you know, _____ ("Client") has entered into an Investment Advisory Agreement ("Agreement") with Morgan Stanley Smith Barney LLC, through the Graystone Consulting business ("Graystone"), to provide our account(s) with investment consulting services. These services are outlined in our separate Agreement with Graystone. Graystone has requested to us to request that our managers acknowledge this Agency Trading notification.

As you may also know, on June 1, 2009, Morgan Stanley and Citigroup announced the combination of the Global Wealth Management Group of Morgan Stanley & Co. Incorporated ("Morgan Stanley" or "MS") and the Smith Barney and Graystone divisions of Citigroup Global Markets Inc ("CGMI") into a new joint venture. The joint venture will own Morgan Stanley Smith Barney LLC ("Morgan Stanley Smith Barney" or "MSSB"), a newly formed investment advisor and broker-dealer that will be registered with the Securities and Exchange Commission. In connection with the formation of the joint venture, we are required to update our policy on trading, and Morgan Stanley Smith Barney is instituting a new policy around the purchase of MSSB-affiliated securities (e.g., stocks or notes) in our accounts, in part to avoid potential or perceived conflicts as well as to prevent the possibility that transactions could be alleged to be prohibited under the Employee Retirement Income Security Act (ERISA) and/or section 4975 of the Internal Revenue Code.

Agency Trading Notification:

We understand that as a fiduciary you are obligated to execute transactions in a most efficient and beneficial manner on behalf of Client. In our Agreement, Graystone and MSSB have acknowledged that they will act as a fiduciary to Client as that term is defined under Florida law. Accordingly, you are directed NOT to engage in any prohibited principal transactions with CGMI or Morgan Stanley for the Client's account(s), and you will take all proper measures to ensure that no transactions for the Client's account(s) are executed on such a principal basis. In order to comply with this request, you may take any of the following actions: (i) you can prohibit the use of CGMI and MS as brokers for any brokerage transactions on behalf of Client; (ii) you can submit all your orders to CGMI or MS marked for "agency only" executions (which means no principal transactions are allowed); (iii) you can separate orders that you send on behalf of Client and on behalf of other of your clients and then separately submit those orders to CGMI or MS, and indicate that CGMI and MS must execute orders on behalf of Client on an "agency only" basis (no principal transactions allowed); or (iv) you may place trades for accounts through one or more electronic communication networks, alternative trading systems or similar execution systems (collectively, "ECNs"), including ECNs in which MSSB or its affiliates (including Citigroup and Morgan Stanley) have an ownership interest (such as LavaFlow), subject to and in accordance with section 408(b)(16) of ERISA. Should a prohibited principal transaction occur in any Client account(s) due to your failure to provide proper instruction to CGMI or MS, you agree to cover any and all costs associated with correcting the principal transaction.

MSSB Affiliated Securities Policy:

Please see the attached policy regarding restrictions relating to Fixed Income and Convertible Securities issued by affiliates of MSSB (e.g., Morgan Stanley, Mitsubishi or Citi debt or notes) and MSSB-affiliated Closed End Fund Securities (e.g., Morgan Stanley or Citi closed end funds).

Please acknowledge your receipt of this letter and agreement to comply with these directions by signing and dating this letter below, and returning it to Thomas McAuliffe, Institutional Product Manager, Graystone Consulting, 2000 Westchester Avenue – 2nd Floor, Purchase, New York 10577.

Sincerely yours,

Client Signature and Title

Acknowledged by: _____

Title: _____

Signature: _____

Date: _____

Company Name: _____

THE MORGAN STANLEY SMITH BARNEY JOINT VENTURE
TREATMENT OF AFFILIATED SECURITIES IN RETIREMENT ACCOUNTS MANAGED BY THIRD PARTY INVESTMENT MANAGERS/SUB-ADVISORS

As you know, Morgan Stanley and Citi have announced the formation of a new joint venture creating an industry-leading wealth management firm to be named Morgan Stanley Smith Barney (MSSB). In connection with the formation of the joint venture, the Smith Barney channel of MSSB has determined to institute a new policy around the purchase of MSSB-affiliated securities (e.g., stocks or notes) in any investment advisory retirement (e.g., IRA or ERISA) account, in part to avoid potential or perceived conflicts as well as to prevent the possibility that transactions could be alleged to be prohibited under the Employee Retirement Income Security Act (ERISA) and/or section 4975 of the Internal Revenue Code.

Policy

The policy for investment managers/sub-advisors made available within advisory programs under the Smith Barney channel of MSSB is as follows:

- **Affiliated Equity (Common and Preferred) Securities (Morgan Stanley, Mitsubishi or Citi equity) Are Permitted in All Accounts:** As an investment manager/sub-advisor within our managed account programs, you have sole discretion and ultimate responsibility over the investment model/portfolio of the accounts you manage. Thus, should you decide to invest in equity securities issued by affiliates of MSSB (for example, as a part of a model or other investment strategy consistently applied to clients), that decision is yours alone, and should be based solely on appropriate independent research and diligence, in accordance with the applicable requirements of the Advisers Act, ERISA and/or section 4975 of the Code. MSSB's decision to offer your investment product within its managed account program(s) should have no bearing on your decision to buy, hold or sell equity securities issued by its affiliates.
- **Affiliated Fixed Income and Convertible Securities (e.g., Morgan Stanley, Mitsubishi or Citi debt or notes) Are Not Permitted in Retirement Accounts:** – New purchases of fixed income and convertible securities issued by affiliates of MSSB are prohibited for investment advisory retirement accounts. In addition, we ask that you liquidate existing positions as soon as practicable, but no later than December 31, 2009. Investment Managers/Sub-Advisors may continue to buy and hold these securities in taxable accounts only.
- **Affiliated Closed End Fund Securities (e.g., Morgan Stanley or Citi closed end funds) Are Not Permitted in Retirement Accounts:** – New purchases of closed end fund securities issued by affiliates of MSSB are prohibited for investment advisory retirement accounts. In addition, we ask that you liquidate existing closed end fund positions as soon as practicable. Investment Managers/Sub-Advisors may continue to buy and hold these securities in taxable accounts only.

The list of securities of MSSB affiliates will include:

- Affiliated security issues of Morgan Stanley.
- Mitsubishi and Mitsubishi-affiliated securities. (In March 2009, Morgan Stanley signed a memorandum of understanding to combine Mitsubishi UFJ Securities and Morgan Stanley Japan Securities into a joint venture.)
- Securities issued by Citigroup Inc. and its affiliates (collectively, "Citi"), including Student Loan Corporation.

Please note: A complete list of affiliates will be provided to you at a later date.

Your Role

Please adhere to the following instructions:

1. Review your portfolios and holdings in these programs to determine whether any affiliated securities are included in the models that affect retirement accounts.
2. Cease any purchases of MSSB-affiliated fixed income, convertible, and closed end fund securities and begin a prudent liquidation of existing positions for investment advisory retirement accounts to ensure compliance with our policy.
3. Continue to periodically review your portfolios and holdings in these programs to ensure that you remain in compliance with our policies and procedures.

Exhibit C
to
Citigroup Institutional Consulting
Institutional Services Agreement
(Erisa/ Retirement)

Alternative Investments

Addendum. The undersigned have executed a Graystone Consulting business Institutional Services Agreement ("Agreement") dated _____, which is hereafter incorporated by reference as if fully set forth herein. In furtherance of that Agreement, the undersigned agree to the following terms and conditions of this Addendum.

1. Additional Consulting Services provided by Graystone with respect to Alternative Investments).

(a) Graystone shall provide Client with a periodic review showing historical performance of each of Client's holdings of one or more alternative investment vehicles offered to clients by Smith Barney Alternative Investments, and identified below ("Alternative Investment"). Client understands and acknowledges that the performance information provided in a periodic review is based upon information provided to Graystone by the Alternative Investment, or its sponsor, investment manager or administrator, and that Graystone does not independently verify such information. Graystone shall not be liable for any misstatement or omission made by an Alternative Investment, or its sponsor, investment manager or administrator, for any loss, liability, claim, damage or expense arising out of such misstatement or omission.

(b) Graystone shall identify, evaluate and propose to Client Alternative Investment(s) for the investment of funds held in the Account. Graystone or an affiliate shall review, or shall cause to be reviewed, each Alternative Investment that it proposes and may, or may not, in its sole discretion, create and make available a written report of such review. Graystone shall base its proposal on information conveyed to it in writing by the Client and such additional information as is reasonably required by Graystone to provide an appropriate proposal.

(c) Both parties agree that Client shall be solely responsible for determining whether to invest in, subscribing and qualifying for a participation interest in any Alternative Investment in respect of each proposal for the Account.

(d) In the case of Alternative Investments that permit redemptions, if Graystone makes a determination that a particular Alternative Investment previously proposed to, and subscribed to by, Client is no longer an appropriate investment ("Terminated Alternative Investment") for Client, Graystone or an affiliate shall propose, or cause to be proposed, a replacement Alternative Investment for the Account pursuant to section 1(b) above. Depending upon the specific circumstances, client may or may not have the option to change or continue to participate in the Terminated Alternative Investment. However, in the event Client is permitted and wishes to continue to participate in the Terminated Alternative Investment, all terms of section 1(b) above shall be null and void, and Graystone will (i) make no further representations concerning the Terminated Alternative Investment and (ii) not continue to provide any proposal or services regarding such Terminated Alternative Investment. However, Client shall continue to pay Graystone the Fee contained in Section 2 below in recognition of the proposals provided by Graystone and other services provided in connection with the Client's continued participation therein, such as reporting and the periodic review described in Section 1(e), unless Client's investment is redeemed when the Alternative Investment terminates.

(e) In the case of Alternative Investments that do not permit redemptions, Client should be aware that such investments may not be liquidated at the time of Client's choosing due to restrictions imposed by the terms of the investment and the lack of a secondary market. These funds may restrict the liquidation or termination of the investment for periods of several years or for the life of the investment. Client hereby undertakes to review the offering materials for such illiquid investments in which the Client invests pursuant to this Agreement, in particular the terms of any restrictions on the premature termination or liquidation of Client's investment. Client hereby holds Morgan Stanley Smith Barney ("MSSB"), Graystone, and their officers, affiliates, agents, or directors harmless for any liability, loss or damages resulting from the imposition of a "lock-up", or liquidation restriction, by any Alternative Investments for the Account. However, Client shall continue to pay Graystone the Fee contained in Section 2 below in recognition of the proposals provided by Graystone and other services provided in connection with the Client's continued participation therein, such as reporting and the periodic review described in Section 1(a), unless Client's investment is redeemed when the Alternative Investment terminates.

Client represents and warrants that the information provided to Graystone in connection with Alternative Investments is accurate and complete and acknowledges that Graystone has no responsibility to ensure that such information is accurate and remains current.

2. Fees. The Fee charged to Client pursuant to this Agreement shall not include any fees or charges for services in connection with Client's participation in any Alternative Investment not listed herein, for which Client shall be separately and solely responsible.

Client acknowledges and agrees that the market value of the Account shall be calculated based upon then then-currently information provided to Graystone by the Alternative Investment, or its sponsor, investment manager or administrator, and that Graystone does not independently verify such information. Graystone shall not be liable for any mistake or miscalculation made by an Alternative Investment, its sponsor, investment manager or administrator in valuing client's investment in the Alternative Investment, or any loss, liability, claim, damage or expense arising out of such mistake or miscalculation. The Fee shall not be charged on capital committed, but not yet funded.

Client acknowledges and agrees that Graystone may enter into separate selling or participation agreements with the Alternative Investment Products, their sponsors or their managers which Client selects for use with the Account, and that Graystone may be separately compensated by the Alternative Investment Products, their sponsors or their managers for the placement of Account assets with the Alternative Investment Products. Client also acknowledges and agrees that Graystone may receive a portion of the management fee paid by Client to an Alternative Investment manager with respect to Account assets invested in such Alternative Investment. In the event that Graystone shares in the management fee or other compensation, paid by the Client, from the Alternative Investment Products, their sponsors or their managers under separate agreement, Graystone shall credit a Graystone account in the name of the Client by a corresponding amount in a one to one ratio.

Client acknowledges and agrees that Graystone may enter into brokerage arrangements with any of the Alternative Investment, their sponsors or their

managers, according to which Graystone and its agents may receive additional compensation for the execution of transactions for the Alternative Investment.

Further Liability of MSSB, its officers, affiliates, agents, or directors. Client acknowledges that an investment's past performance is not necessarily indicative of future performance. Graystone makes no representations or warranty under this Agreement with respect to the present or future level of risk or volatility in the Account, or any Alternative Investment Product's future performance or activities. Client understands that Graystone will perform no discretionary trading acts with respect to the Alternative Investment.

Name(s) of Alternative Investments:

This Addendum may be executed in counterparts and shall be binding on the parties hereto as if executed in one document.

AGREED to this _____ day of _____.

Title of Account: **City of Palmetto General Employees' Retirement System**

By: _____

By: _____

(If more than one, all principals to the account must sign. If any signatory is a fiduciary, the capacity in which the fiduciary is acting must also be indicated.)

Address: _____

ACCEPTED as of the _____ day of _____.

**MORGAN STANLEY SMITH BARNEY LLC
through its GRAYSTONE CONSULTING BUSINESS**

By: _____

Henry Kaplan, Managing Director
Associate Director of Consulting Group
2000 Westchester Avenue - 2nd Floor
Purchase, New York 10577