

## **ART ENTITY: TERM SHEET**

As of September 3, 2014

**I. Entity** Amended and Restated Narrows Holdings LLC (“Narrows”) to be the new investment entity; subject to working out loan/pledge arrangements

### **II. Governance**

A. Leon is the Class A Managing Member with power to make all decisions other than: distributions, use of Narrows property and liquidation of Narrows

1. Makes investment decisions, including financial investments and investments in art, other tangible property and real estate
2. Makes recommendations to the Class B Managing Member regarding capital calls for such purposes as:
  - (a) Servicing bank or other debt
  - (b) Paying employee compensation/benefits
  - (c) Insuring, storing and maintaining the property of Narrows
  - (d) Making additional investments or acquisitions.

3. Provides to Members:

- (a) Annual reports describing investments and sales, investment policy statements and overview of market
- (b) Quarterly reports, including schedule of investments and sales

B. APO1 or APO2 is the Class B Managing Member with power to make decisions regarding distributions, use of Narrows property (including exhibition loans), capital calls and liquidation of Narrows.

C. Removal, Replacement and Succession

1. A majority in interest of the Members can remove a Managing Member; provided if Leon participates, successor may not be related or subordinate to Leon
2. Note that Leon has power to remove and replace APO1 and APO2 Trustees under the trust agreements

### **III. Members:** Leon, APO1 and APO2

#### **IV. Funding LLC/Contributions of Capital**

- A. Members will make initial capital contributions as noted in the Action Steps.
- B. Members must contribute additional capital requested by the Class B Managing Member

#### **V. Withdrawal Rights/Transfers**

- A. No withdrawals without consent of the Class B Managing Member
- B. Limited transferability to family members and trusts

#### **VI. Use of Art, Other Tangible Property and Real Estate**

- A. By Members with consent of Class B Managing Member:
  - 1. No rent, but subject to use agreement, if Leon/Debra use property while both are living and married; otherwise rent would be warranted unless use among members is consistent with relative membership interests
  - 2. By beneficiaries of Members (e.g., Debra and children), subject to use agreement
- B. For exhibition loans, to enhance value, upon consent of Class B Managing Member
- C. As collateral for loans made to the LLC upon the determination of the Class A Managing Member

#### **VII. Tax Status**

- A. Initially, disregarded entity
- B. Consider making it a partnership prior to substitution or sale of interests in Narrows