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Cc: Heather Gray [REDACTED]
From: Ada Clapp
Sent: Tue 9/16/2014 6:30:03 PM
Subject: Art Investment Entity

Heather and I had a call with Richard, Barry and John today to discuss the proposal that the trusts invest art and other assets in the restructured Narrows. The Trustees are generally on board with the idea but would like additional information to be fully comfortable with it. Richard, in particular asked for the following:

1. That we put together the type of marketing materials that an art fund would issue when soliciting investors. Richard would be happy with a one-page document describing Leon's experience as an art investor, together with information showing Leon's "track record" (let's discuss whether we limit the performance to the art currently owned by Narrows and Leon individually or whether we include Leon's track record as an informal consultant to the trusts). The marketing materials will also include a break-down of the investment proposal for the new art investment entity—based on the art asset classes in which the trusts and Narrows are currently invested (e.g., the new fund will be invested in a portfolio of fine art consisting of approximately X% contemporary art, Y% impressionist art, Z% old masters, etc.).
2. A List of the assets we are asking the trusts to contribute, including the dollar value of each asset.
3. A statement for each trust showing what percentage of each trust would be invested in the new Narrows if each trust contributes the assets noted in 2.
4. That each trust have a specified capital commitment after the initial capital contribution. Richard felt strongly that there be some "cap" so that the Trustees could ensure sufficient liquidity and reasonable diversification of trust assets. Because it was understood that imposing a dollar value on the capital commitment was not workable, the Trustees agreed that the cap could be phrased in terms of a percentage of the trust's assets (e.g., a trust shall not be required to contribute capital to the extent that it would cause its investment in the new Narrows not to exceed X% of the total value of the trust's assets). To determine the percentage, the Trustees want to see the information requested in 1-3 above.

Heather and I are happy to pull this information together. Since some of it will overlap with the information Rich J. is compiling for Barry, Heather will consult with Rich to avoid duplication of effort. Once we have given this information to the Trustees together with the structure documents Alan is preparing, they will likely ask Irene Steiner at Akin Gump to review it on behalf of the Trustees.

Heather-please chime in if I have left something out. Thanks!

Ada Clapp

Elysium Management LLC



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