

BET LAW COMMITTEE MINUTES OF  
MEETING OF FRIDAY, FEBRUARY 8, 2013, 10:30 AM  
LAW DEPARTMENT CONFERENCE ROOM

Present: Eugene McLaughlin  
Leslie Tarkington  
Jeffrey Ramer

The meeting was commenced at 10:30 AM.

Review of Private Advisors Small Company Buyout Fund V, LP

Attorney McLaughlin reviewed with the Committee his observations regarding the limited partnership agreement, private placement memorandum, brochure of the investment advisor, side letter, and advisory letter from NEPC.

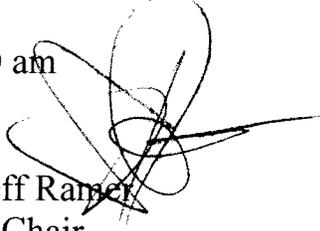
Leslie Tarkington observed that she believed that the Town should have been provided with a summary memorandum from NEPC making the same observations. Mrs. Tarkington also observed that the time intervals have not been sufficient for the members of the Committee to have had a proper opportunity to review the documents, and that we are heavily dependent upon the review by counsel.

Among the highlights noted by Attorney McLaughlin were that the limited partnership is a Delaware filing. There are two general partners, both Delaware limited liability companies set up by Private Advisors. The investment manager is a Virginia limited liability company set up by Private Advisors. The objective is the investment in a fund of funds, with the underlying investment in the acquisition in small companies. The term of the investment is 15 years (12 plus 3), with the potential for extensions on a year by year basis. Among the notable areas of risk is the potential dependency upon the obtaining of financing to support certain acquisitions and the potential for foreign investment risk. The investment is

strongly illiquid and susceptible of leverage risks. The standard of care is gross negligence. There is an indemnification to the Town which is limited to the invested \$10 million plus a “claw back” of revenue from the preceding three years. Errors and omissions insurance seems to have been obtained at \$45 million. The side letter grants to the Town “most favored nation status”.

The Committee voted 2-0 to approve the annexed resolution.

The meeting was adjourned at 11:50 am



Jeff Ramer  
Chair

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Board of Estimate and Taxation Law Committee

Resolution regarding investment in Private Advisers, February 8, 2013.

Upon a motion duly made and seconded, the Law Committee of the Board of Estimate and Taxation members Tarkington and Ramer present, voted 2-0 to find that the Law Department has reviewed the relevant legal documents including the limited partnership agreement, private placement memorandum, letter from NEPC, and side letter with the Private Advisers' Fund. The Law Committee finds that the documents are in legal order for the agreement by the Retirement Board to invest as a limited partner in Private Advisers Small Company Buyout Fund, V in an amount not to exceed \$10 million.