Present: Eugene McLaughlin, Peter Mynarski, Larry Simon, Leslie Tarkington, Jeffrey Ramer

The meeting commenced at 10:05 a.m.

I. AMENDMENTS TO THE OAKTREE LIMITED PARTNERSHIP AGREEMENT

Attorney McLaughlin reported on his review of the partnership amendments. He indicated that procedurally the BET has four options: (a) approve the changes, (b) disapprove the changes, (c) express no vote, or (d) request an extension of time. There was some discussion to the effect that a negative vote may be preferable to no vote, and further that an extension of time would be unlikely to be granted. There was also some indication from Mr. Simon that the strong likelihood is that the changes would be approved by the required majority of the other investors, without regard to the actions of the Town.

Attorney McLaughlin summarized the changes as being a change in the principal, provision for the ability of the Fund to pledge the amount of the un contributes capital committed by the investors, and joint and several liability of the investors. In the overview, Attorney McLaughlin opined that the changes were sufficiently substantive to require BET approval, but that it seemed advantageous to accommodate the changes which the Fund believed would make the Fund “more nimble”. Accordingly, the advice of Attorney McLaughlin was that the documents appear to be in legal order but he is rendering no opinion as to the business advisability of the investment.

Mrs. Tarkington inquired whether other investors may have been offered any consideration for their favorable vote, to which Attorney McLaughlin indicated that he did not know. Mr. Simon indicated that it would not have been permissible under the limited partnership documents.
Mrs. Tarkington further raised the concern that there was no assurance in the documents that the loans would be temporary and no clear undertaking as to the points at which the loans would be repaid. In response, Attorney McLaughlin noted the extraordinarily broad discretion already granted to the Fund under the original documents in any event. Mr. McLaughlin also indicated that he was unaware of other limited partnership agreements reviewed by him that provide for the pledge of undrawn capital commitments to secure loans taken by the partnership.

Mr. Mynarski offered to the Law Committee that the Retirement Board had not voted on the Oaktree Fund request. He added that the NEPC letter recommending the acceptance of the changes had not been received.

Mr. Simon noted that the letter from NEPC would arrive at any moment. He also noted that the Fund includes a number of very large investors who can be expected to have vetted the changes very thoroughly. He observed, finally, that the structure being requested is common from his personal experience in investments of this kind.

Mr. Ramer inquired whether the terms of the pledges of uncommitted capital would still allow the investors to raise with the lenders any and all defenses which would have been available on capital draw requests from the Fund, and Attorney McLaughlin responded in the affirmative.

Mr. Ramer indicated that his decision would be that there appeared to be no logic supporting a failure to vote or a request for extension, and that he would vote to recommend acceptance of the amendments upon three conditions: (1) receipt of the letter of NEPC containing appropriate recommendation of acceptance of the changes, (2) formal vote by the Retirement Board approving the changes, and (3) vote by the Investment Advisory Committee approving the changes. Mrs. Tarkington indicated that she would also approve the changes upon the same three conditions, plus a fourth condition that both the Retirement Board and the Investment Advisory Committee had been advised in writing or by e-mail prior to the time of their respective votes that the formal documents do not make any representation that the borrowings will be just temporary. The Committee
voted 2-0, to approve the amendments as being in legal order upon each of the foregoing conditions.

II. BET OVERSIGHT OF RETIREMENT BOARD UNDER CHARTER §208

Mr. Ramer made formal request that the Town Attorney research and opine as to two matters: (a) the extent of the authority of the BET under Charter §208 to exercise oversight over the investment decisions of the Retirement Board, and (b) the legal authority of the Retirement Board under Charter §208 to select investment vehicles which are alternative investments (not publicly traded, not regulated, etc.). Attorney McLaughlin indicated that the Law Department would review the questions and opine.

III. MINUTES

The Committee voted 2-0 to consider the Minutes of the meeting of April 22, 2013, although not listed on the Agenda. The Committee then voted 2-0 to approve the Minutes of that meeting.

IV. ADJOURMENT

The meeting was adjourned at 4:45 a.m.

Jeff Ramer