

From: Heather Gray <[REDACTED]>
To: jeffrey E. <jeevacation@gmail.com>
CC: Ada Clapp <[REDACTED]>, Brad Wechsler <[REDACTED]>
Subject: RE: Art Partnership
Date: Wed, 17 Feb 2016 15:19:42 +0000

It was for \$500 because we were originally anticipating a larger amount going into the art partnership. I will call Jeffrey Haber now and see how difficult he thinks it would be to obtain coverage for \$275, but I expect that his response will be the same. I just spoke with him about obtaining a separate policy for Noel Calb LLC, which has \$260 million of art, books and bronzes, and he told me that it would be extremely difficult to find an insurance company willing to take on primary coverage for this amount located at 760 Park. He advised that we add additional capacity to the trusts' existing insurance policy and add Noel Calb as a named insured on that policy, instead.

I'll report back as soon as I've spoken to Jeffrey Haber.

From: Ada Clapp
Sent: Wednesday, February 17, 2016 10:13 AM
To: jeffrey E. <jeevacation@gmail.com>; Heather Gray <[REDACTED]>
Cc: Brad Wechsler <[REDACTED]>
Subject: RE: Art Partnership

Heather?

From: jeffrey E. [<mailto:jeevacation@gmail.com>]
Sent: Wednesday, February 17, 2016 10:12 AM
To: Ada Clapp <[REDACTED]>
Subject: Re: Art Partnership

was it only for 275 that they tested?

On Wed, Feb 17, 2016 at 10:04 AM, Ada Clapp <[REDACTED]> wrote:

Jeffrey,

My understanding is that she spoke with Jeffrey Haber (last May) about arranging for a new fine arts insurance policy for AP Narrows LP. He told her that it would be extremely difficult to obtain a new policy for AP Narrows because of capacity issues. Apparently, there are a number of insurance companies already providing insurance on the Black collection at 760 Park Avenue and in Jeffrey Haber's opinion, none of them would be willing to take on primary liability for AP Narrows' art.

My understanding is that Jeffrey had a very difficult time finding insurance companies willing to provide coverage to APO1 and APO2 summer before last, but that he finally managed to convince Travelers to take on the \$150 million of primary coverage and he was able to bring in five other insurance companies to provide the remaining \$450 million in excess coverage. Jeffrey does not think that Travelers or any of the other companies in the trusts' insurance "stack" would be willing to be the primary insurer for AP Narrows. There is also a "stack" of insurance companies providing primary and excess coverage to Leon (some of which also provide part of the trusts' insurance), but, again, Jeffrey does not believe any of these companies would be willing to provide primary coverage for AP Narrows.

Brad, Alan, Heather and I discussed this last May and agreed that the best approach to solving this problem would be to have the partners of AP Narrows agree contractually to each continue to maintain insurance on the works that they are

contributing to AP Narrows. AP Narrows would be added as a "Named Insured" on Leon's policy with respect to the art that Leon and Narrows are contributing to the partnership, and as a Named Insured on the Trust's policy with respect to the art that the Trust is contributing to the partnership.

Jeffrey Haber has written a letter for AP Narrows' records describing his decades of experience in the insurance business and outlining how, in his professional opinion, it would be impractical and almost impossible for AP Narrows to obtain coverage. This substantiates that AP Narrows acted in a commercially reasonable manner by not obtaining its own insurance under the circumstances.

Heather is available to respond more specifically to any questions you may have regarding the art insurance for AP Narrows. Of course, I am always available for discussion as well.

Regards,

Ada Clapp

Chief Legal Officer

Elysium Management LLC

445 Park Avenue

Suite 1401

New York, New York 10022

Email: [REDACTED]

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From: jeffrey E. [mailto:jeevacation@gmail.com]

Sent: Wednesday, February 17, 2016 9:15 AM

To: Ada Clapp <[REDACTED]>; Melanie Spinella <[REDACTED]>

Cc: Brad Wechsler <[REDACTED]>

Subject: Re: Art Partnership

how can it be that the only 275 million of value can't get insurance/?!

On Wed, Feb 17, 2016 at 9:09 AM, Ada Clapp <[REDACTED]> wrote:

I had also prepared the attached to send to Leon with execution copies, once you approve them.

Ada Clapp

Chief Legal Officer

Elysium Management LLC

445 Park Avenue

Suite 1401

New York, New York 10022

Email: [REDACTED]

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From: jeffrey E. [mailto:jeevacation@gmail.com]

Sent: Tuesday, February 16, 2016 7:16 PM

To: Ada Clapp <[REDACTED]>

Subject: Re: Art Partnership

Also please put together a summary sheet for Leon with a step by step .

On Tuesday, 16 February 2016, jeffrey E. <jeevacation@gmail.com> wrote:

Alan do you want to introduce the tenants in common here . Also who is going to keep the books ? Did Joe or Joslin see this yet

On Tuesday, 16 February 2016, Ada Clapp <[REDACTED]> wrote:

Hi Jeffrey,

Last Thursday, I sent you an email that included all the documents needed to implement the art partnership other than the first two noted below (see below) which you had previously reviewed. I asked if you wanted to see those documents but did not hear back from you. I understand from Brad that you *do* want to see them. Attached are all of the documents needed to implement the partnership, as follows:

1. *Contribution Agreement between LDB and the Partnership* (with Schedule A);
2. *Contribution Agreement between Narrows Holdings LLC and the Partnership* (with Schedule A);
3. *Contribution and Subscription Agreement between APO-01 Trust and the Partnership* (with Schedule A);
4. *APO-01 Trustees Resolution* (whereby the Trustees resolve to distribute to the APO-B Trust cash to enable it to buy the Class B GP interest from Leon);
5. *APO-B Trustee Resolution* (whereby the Trustee resolves that the trust will purchase the Class B GP Interest from Leon).
6. *Purchase and Sale Agreement* (for the purchase of the Class B GP interest)
7. *Assignment and Assumption Agreement* (assigning the Class B GP interest from Leon to the APO-B Trust);
8. *Resolution of Class A GP* (amending the Partnership's LP agreement to reflect partners and percentage ownerships post-sale of the Class B GP interest);
9. *Certificate of Amendment to the Certificate of Limited Partnership* (amending the Partnership's Delaware filing to reflect the APO-B Trust as the Class B General Partner);
10. *Art Use Agreement* (whereby Leon (as a partner) and Debra (as a beneficiary of trusts that are partners) are permitted rent-free use of partnership owned art); and
11. *Art Insurance Agreement* (whereby each partner agrees to maintain separate insurance coverage over art it contributed to the Partnership).

Also attached are the Limited Partnership Agreement of AP Narrows LP and the APO-B Trust Agreement. Please let me know if you need any other documents or information in order to review the attached documents.

Best regards,

Ada

From: Ada Clapp

Sent: Thursday, February 11, 2016 11:53 AM

To: jeffrey E. <jeevacation@gmail.com>

Cc: Halperin, Alan S <[REDACTED]>; Brad Wechsler <[REDACTED]>

Subject: Art Partnership

Good afternoon Jeffrey,

Attached are the revised documents needed to implement the art partnership. They await only your approval before sending them for signature. The revisions were needed in order to include the APO-01 Declaration as a limited partner in place of APO1 and APO2 (which no longer hold any art). There is also a new insurance agreement designed to avoid underwriting risk limitations that we are told would prevent the partnership from obtaining insurance covering its art holdings. The documents that did not change since your sign off last May are not attached and will not be re-executed (we have been holding the signed document). They are:

1. LDB Contribution Agreement to AP Narrows LP
2. Narrows Holdings Contribution Agreement to AP Narrows LP

I have also not attached the Schedules showing the art to be contributed. Please let me know if you want to see any of the above referenced documents.

Please let me know if you approve of the attached documents so that I may send them for execution. Of course, I am happy to answer any questions you may have.

Thank you.

Ada Clapp
Chief Legal Officer
Elysium Management LLC
445 Park Avenue
Suite 1401
New York, New York 10022

[REDACTED]
Email: [REDACTED]

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