



## **PSERS PRIVATE INVESTMENT PROGRAM**

### **Recommendation for Investment in Apax Europe VII, L.P.**

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# Apax Europe VII, L.P.

## **Introduction**

Apax Partners Worldwide LLP (“Apax”), one of the largest and most well established private equity organizations in the world, is forming Apax Europe VII (“Apax Europe VII” or “the Fund”) to continue its proven and successful strategy of investing in large buyouts across five global growth sectors: Financial & Business Services, Healthcare, Media, Retail & Consumer and Tech & Telecom.

Apax is seeking to raise €8.5 billion for the Fund in order to capitalize predominantly on the expanding opportunities that it sees in the European private equity market.

Over the last 15 years, Funds advised by Apax Partners in Europe have generated a 51.2% gross IRR and a 31.8% net IRR, which place them in the top decile position against industry benchmarks.

Apax Partners has completed some of the largest buyout investments in Europe across its industry sectors and also has a proven ability to access proprietary deal-flow in the €1bn to €5bn deal range.

Apax is uniquely positioned to maintain its leadership position because of the strength of its sector-focused teams, the depth of its local offices and the breadth of its global platform.

## **Strong expertise in five industry sectors**

The superior returns the Apax Funds have delivered should be sustained because its sector teams, together with its extensive network and long presence in local markets, enable it to develop attractive deal flow and position it well to drive value creation in the Apax Funds’ portfolio.

Apax Partners’ focus on five global growth sectors of technology & telecom, healthcare, media, financial & business services and retail is a clear distinguishing feature. Apax Funds have successfully invested in these sectors over the last 25 years. In the last three funds, Apax Europe IV, V and VI, 96% of contributed capital was focused in these areas. Returns have been generated through different cycles and across different geographies. Over the last 15 years, Apax Funds have deployed €8.5bn in these sectors. The length of time over which the Apax Funds have invested in these sectors and the depth of expertise of its team are unmatched in the European private equity industry.

The sector teams have strength and depth; Apax Partners has 111 investment professionals worldwide including 45 partners with an average tenure of nine years. Forty-eight percent of the team have worked in industry. Coupled with powerful Advisory Boards, this gives the firm very deep pools of industry expertise, which it is able to deploy across its network.

## **Local presence, global platform**

Apax Partners has a large team by private equity industry standards covering both multiple industry specializations and multiple geographies. Apax Partners has a network of six local offices across Europe with 81 investment professionals and is clearly differentiated from its European peers by its strong presence in the U.S., with 28 investment professionals, and a growing presence in Asia. This puts Apax in a very strong position for sourcing, executing and adding value to transcontinental businesses

that have a presence or growth plans in Europe, North America or Asia. The European offices have been established for an average of 13 years.

The five sectors in which Apax Partners specializes are generally global in nature and the scale of businesses in which Apax Europe VII will invest will typically make them international in scope. This means that having the ability to form a global perspective on trends and likely sources of opportunity is central to the Apax Partners approach to opportunity identification, deal creation and effective due diligence.

Creation of deal opportunities outside the mainstream auction environment is highly dependent on developing strong personal relationships with key executives in target businesses, vendors of such businesses and their advisers. Personal relationships by their nature tend to be local and in the experience of Apax are often at their strongest when founded upon shared values, cultures and experiences. For this reason it is the strategy of Apax to have international reach in its office network coupled with multi-local presence, through offices primarily led by and staffed with executives whose longstanding personal, business and educational backgrounds are within their local markets.

The strategy of Apax Europe VII will be, as it has been in each prior pan-European Apax Fund, to draw upon the strength of this network to:

- Use international coverage to develop sector specific investment strategies set in a context of a global perspective of trends, threats and opportunities;
- Use local relationships to create proprietary deal opportunities and develop angles on other transactions consistent with these strategies;
- Staff each deal team with a mix of personnel, covering relevant nationalities, language skills, sector expertise and functional skills, drawn from a deep bench of talent from multiple offices; and
- Add value to portfolio companies by being able to drive value creation and support and guide companies in the multiple geographies in which Apax Partners is present.

### **Track record of creating value by driving growth in profitability**

Apax Partners has achieved consistent and sustained profitability growth in the Apax Funds portfolios. The average pro-forma EBITDA growth rate for all analyzed buyouts in the last four Apax Funds was 19% per annum as of 30 June 2006. On an unrealized or partially realized basis in each of these funds, value created through EBITDA growth has so far exceeded by 24% the original Apax plan in the investment case as of 30 June 2006.

Apax has always believed that the most robust source of superior returns throughout the business cycle is to grow the companies in which the Apax Funds invest. The Apax strategy is to prefer this to a sole reliance on financial engineering or multiple arbitrage to generate returns. The five sectors in which Apax Partners specializes have been chosen in part from a belief that they may outperform global GDP growth in the long term.

Apax generally works with portfolio companies over a period of time to drive value creation and typically does not seek short-term arbitrage gains. The average holding period of Apax buyout investments since 1990 has been 4.4 years.

### **Ability to create industry transforming investments**

Apax will continue to use its deep sector expertise to take visionary and occasionally contrarian investment decisions in out-of-favor or overlooked sub-sectors of its areas of industry specialization.

In the past this has allowed Apax to be a leader in terms of the types of transactions it pursues:

- Kabel Deutschland – the first “post-bubble” European cable private equity deal, acquired at only 5.1x EBITDA since the sector was out of favor in 2003, resulted in 137% IRR and €781m proceeds on a €221m investment.
- Yell – the largest sale by a leading European PTT of its yellow pages business at that time – Apax took a bold view at a time of regulatory uncertainty and returned €983m on a €520m investment, a 43% IRR.
- Inmarsat – the first European buyout of a mobile satellite operator, acquired for only 5.4x EBITDA due in part to tainted market perceptions of the sector - the growth in EBITDA driven by Apax Partners catalyzed a re-rating of the sector and resulted in a return of €536m on a €144m investment, a 124% IRR.

Subsequent to these pioneering transactions, each of the above sectors has experienced high levels of private equity and M&A activity. This, combined with the substantial operating improvements achieved by each of these companies under Apax Fund ownership, assisted such funds in realizing significant gains through exits at multiples that reflected re-ratings of these sectors that Apax Partners had helped to catalyze.

Other examples of sectors in which Apax Funds have recently pioneered private equity interest include medical consumable products, personal financial services, and mobile operators. Apax intends to continue to seek investment opportunities in such undervalued sectors in the future.

### **Ability to avoid full competition in deal sourcing**

Thanks to its long standing sector specialization and its local presence in six European and three non-European offices, Apax has been able to access proactively deals in environments of no or limited competition and develop unique angles on potential opportunities. Only five out of 29 buyout investments committed in the period January 2004-November 2006 were in fully competitive auctions, 14 were completed without any competing bid being made, and another ten were completed in very limited processes into which Apax had entered with a compelling angle. In Apax Europe VI, only two out of 16 buyout investments committed by November 2006 were fully competitive, nine had no competition and five had limited competition.

This leads to the Apax Fund portfolios having a very limited overlap of investments with other leading private equity firms, allowing investors to access through Apax Funds investments they could not access elsewhere.

### **Very strong position in transatlantic deals**

Apax Europe VII is particularly well placed to source and execute transactions on both sides of the Atlantic, by leveraging its 28-person strong investment team in the U.S. Apax Partners has had a U.S. presence for over 25 years. The New York team principally take responsibility for Apax's U.S. funds but as the character of Apax Partners deal flow has become ever more international, it has been more common for investments to have “transatlantic” components and in such deals the U.S. team is invaluable to Apax Partners

in Europe. Since 2001, Apax Funds have invested €1.6bn in transatlantic growth and buyout deals for a total enterprise value of €11.2bn. These include PVH/Calvin Klein, Yell, HIT Entertainment, IFCO, Contech and Tommy Hilfiger. In these cases Apax Partners was able to gain a strong position in the sale process – in four cases out of eight no competing bids were made. Apax Partners' transatlantic presence has also enabled it to drive post-acquisition value in these companies.

### **Superior investment performance**

Apax Funds have delivered superior returns. Seven out of eight Apax Funds for which benchmark data is available have delivered top decile returns. Apax ability to use its deep sector expertise, local contact networks and global reach strategically to identify trends and opportunities, to create investment opportunities in businesses with growth potential and to catalyze change and drive value in these businesses, provides a strong platform to sustain a high level of investment returns in the future.

### **Investment Strategy**

Apax Europe VII will continue the proven strategy of sector focused investing, targeting large companies that have strong, established market positions and the potential to expand. The firm has successfully pursued this strategy in Europe since 1990 and has delivered top decile returns to investors. This sector focus, combined with an established network of local offices and a global platform, represents the foundation of Apax's strategy.

### **Investment Focus**

Apax Europe VII will focus on private equity investments in established businesses within five growth industry sectors: Financial & Business Services, Healthcare, Media, Retail & Consumer and Tech & Telecom.

Each of these sectors follows a different business cycle, which can also vary by country. Apax Partners does not pre-allocate capital to sectors or countries but will make dynamic capital allocation decisions over the investment period of the Fund to reflect the prospects for each sector and economy as well as the detailed strategies developed by each sector team.

Investments outside the core sectors are made only rarely and opportunistically, typically when Apax has a competitive edge through, for example, a close relationship with a management team.

The focus of the Fund will be on the buyout of businesses, in partnership with a proven management team, where Apax Partners can maximize the benefit of its deep sector expertise, local presence and global platform to catalyze change and drive value creation through growth in company EBITDA, aiming to deliver superior returns to its investors.

The depth of the Apax Partners network in the countries in which it operates creates opportunities that are outside the mainstream auction environment, especially in the sub-€5bn transaction size range. By employing exceptional local talent with long-standing personal, business and educational relationships, Apax aims to generate deal flow from local sources that will not be so readily available to many of its competitors.

The Fund is likely to invest in between 20 and 30 companies, the majority of which are expected to have an enterprise value of between €1bn and €5bn. Larger transactions will be considered, typically in partnership with Apax Europe VII Limited Partners, or with other co-investors where Apax Partners can play a significant role in the origination and

execution of the deal and in the governance of the target business. Smaller transactions are likely to attract interest where growth prospects are exceptionally strong, where Apax Partners has a unique angle or where the opportunity for further investment to fund a consolidation strategy exists.

Buyouts above €1bn in transaction size represent a very attractive investment opportunity. It is Apax view, these larger businesses offer more established and resilient business models, more levers to create value, greater attraction for excellent management teams, and more diverse exit options than smaller businesses. These are also businesses that often benefit from Apax Partners' extensive global platform and local presence in multiple markets and its ability to deploy a large amount of experienced resources in complex international transactions.

Apax Funds have successfully invested in larger transactions in Europe, including TDC, NXP, General Healthcare Group, Capio, Somerfield, World Directories and Intelsat. Apax Partners has deployed €7.0bn of equity capital in buyouts and syndicated a further €11.1bn with its limited partners and other private equity, trade or property co-investors in its last three European funds. Apax Europe VI had at November 2006 invested a total of €3.2bn in 16 buyouts that represented an enterprise value of €44.1bn.

In addition to investing in buyouts, the Fund may also on an opportunistic basis invest in a small number of growth capital opportunities. Apax Partners has a long track record of successfully assisting businesses to develop through acquisition and organic growth illustrated in recent times by such investments as Phillips Van Heusen/Calvin Klein and Zeneus Pharma. It is unlikely that such opportunities will account for more than 10% of total commitments.

The Fund may also invest selectively in public companies. This will generally be in situations where significant control can be exercised by the Fund, where board representation is available, and where the strategy and opportunity are consistent with the delivery of private equity type returns to investors. Such investments are not expected to exceed 10% of total commitments.

While Europe, and in particular those countries in which Apax Partners has an office, will be the primary focus of investment activity, up to 25% of total commitments may be invested outside that region. This will typically be in businesses which, though headquartered outside Europe, are of global or transatlantic character, with significant presence, economic exposure or ambitions in Europe, and which Apax Partners is well placed to support. The international reach of the firm positions it well to conduct effective due diligence on such businesses and to work with them to drive value creation thereafter. Investment in such businesses will also generally be confined to the five sectors of core Apax Partners expertise.

### **Value Creation**

By preference Apax will seek opportunities for Apax Europe VII in which the key driver of value creation is likely to be growth in EBITDA. This is consistent with the strategy in prior Apax Funds and reflects a belief that "fundamental" value creation is a more robust source of returns, over the business cycle, than a sole reliance on financial leverage or multiple arbitrage. Apax sector specialization allows it to identify and understand such growth opportunities more readily.

Total equity of €8.1bn invested in Apax Funds' portfolio companies by all shareholders (including Apax Funds, co-investors and management) more than doubled to almost €20bn, and a further €4.9bn in dividends were paid (more than trebling the original equity

investments). EBITDA growth was responsible for €7.3bn of this value creation, while multiple expansion was responsible for a further €7.2bn and both sources of value creation were above Apax's plan. This multiple expansion was not in general planned in the original investment cases, which tend to be conservative with respect to exit valuation metrics. However, a driver of the observed multiple expansion has in several cases been sector re-ratings which followed pioneering and industry transforming Apax deals as previously noted as well as the acceleration of growth in profitability. In the majority of investments completed as of November 2006 by Apax Europe VI, the investment cases presented to the Apax Investment Committee assumed EBITDA multiple contraction, building even greater conservatism than historically.

## **The Apax Europe Team**

### **Overview**

The Apax Partners team is exceptional in its size, depth of industry expertise and international spread. Worldwide, Apax Partners has 111 investment professionals and 150 support staff. In Europe it comprises 81 investment professionals and 116 support staff. The 81 investment professionals include 36 partners.

This team operates within a highly developed organizational infrastructure which promotes an entrepreneurial attitude towards the identification and realization of investment opportunities within a cooperative team environment.

In Europe, the average tenure within Apax of a Partner is eight years. Fifty-six percent of investment professionals have prior experience in management consulting, 47% have finance or investment banking experience and 48% have worked in industry.

The team in Europe operates out of six offices (London, Munich, Madrid, Milan, Stockholm & Tel Aviv), primarily staffed by local nationals of the respective countries. Except for the eight individuals involved purely in the management of the firm and the investment process, all investment professionals are specialized by investment sector – it is this sector focus rather than geography that is the primary axis of the organization.

The European sector teams collaborate closely with colleagues in their sectors outside Europe to share knowledge and ideas and to develop investment strategies – this is particularly true in cooperation across the Atlantic.

The size and experience of the global sector teams delivers strength and depth, enabling clusters of investment professionals to focus down to a sub-sector level of specialization.

The organization has institutionalized knowledge sharing, put in place processes and controls to manage investment activities and developed a framework for corporate governance, including an “up or out” policy at all levels of the organization that promotes a culture of continuous improvement and facilitates the motivation and retention of developing talent.

The ownership of the firm rests entirely with active Partners of Apax. The subset of 14 Partners who share this ownership of the global firm are known as “Equity Partners”. There are no outside shareholders and upon the retirement or departure of any Equity Partner they surrender their equity interest, ensuring that the economics and management of Apax remain with those persons actively involved in the day-to-day business of the firm. The ratio of highest to lowest shareholdings at the commencement date of the Fund is planned to 2.33:1, reflecting the collegiate, partnership ethos of the firm.

Apax has already dealt effectively with the management challenge of succession from

historical founding partners, unlike many of its peers that have this challenge yet to come, with the election of Martin Halusa as CEO in 2003 (and his re-election for a further three year term in October 2006). The firm has successfully managed this transition.

Apax's European team has a flat structure, with 36 Partners (of whom ten are Equity Partners), 30 Principals and 15 Senior Associates and Associates at November 2006. Carried interest is widely distributed to members of the investment and support teams.

## **The Team**

**Martin Halusa** – Martin graduated from Georgetown University Washington D.C. and received his MBA from Harvard Business School and his PhD from the University in Innsbruck. Martin began his career with The Boston Consulting Group (“BCG”) in Germany and left as a Partner and Vice President of BCG worldwide in 1986. He then joined Daniel Swarovski Corporation, Austria's largest private industrial company, first as President of Swarovski Inc (USA) and later as Director of the International Holding in Zurich. In 1990, he co-founded Apax Partners in Germany and was Head of Apax Germany until 2003 when he was elected Chief Executive Officer of Apax Partners Worldwide LLP. Martin is currently based in London. He chairs the Firm's Global Executive Committee as well as the Apax Europe Investment Committee and he is a member of the European Approval, Exit and Portfolio Review Committees.

**Giancarlo Aliberti** – Giancarlo graduated with a summa cum laude degree in Economics from the University of Rome and is a graduate of Harvard Business School. He began his career with Montedison in a staff position to the CEO, before spending 11 years with the Monitor Company, where he was Senior Vice President of Monitor Company Europe, Eurasia and South Africa and Manager of the Milan office. Giancarlo joined Apax Partners in 2000. He is Head of the Milan office and a member of the Tech & Telecoms team.

**Andrew Barrett** – Andrew graduated from Cambridge University with a first class degree in Management Studies and Physics and trained as an accountant with Arthur Young before joining McKinsey & Co., as a management consultant. Andrew then received an MBA from Harvard Business School before joining Apax Partners in 1992 as a member of the buyout team. In 2003 he established the office in Sweden, returning to London in 2004 as Chief Operating Officer. He is Secretary to the Executive Committee and a member of the Investment and Exit Committees and an Observer on the Portfolio Review Committee.

**Adrian Beecroft** – Adrian graduated with a first class degree in Physics from Oxford University and was awarded a Harkness Fellowship at Harvard Business School from which he graduated as a Baker Scholar. He started his career with ICL, later spending eight years at The Boston Consulting Group (“BCG”), where he was a Vice President. Adrian joined Apax Partners in 1984 and he has made investments in a wide variety of industries including information technology, healthcare and retailing and has been involved in early stage, expansion capital and MBO/MBI transactions. He is a past Chairman of the British Venture Capital Association. Adrian is a member of the Global Executive Committee and a member of the Investment, Approval, Portfolio Review and Exit Committees. He will step down from his committee roles on his 60<sup>th</sup> birthday in May 2007.

**Nicolás de Bonilla** – Nicolás graduated in History from Granada University and received an MBA from IESE. He began his career in banking where he worked at Continental Illinois and Midland Bank in Madrid. Afterwards, he became Director of Finance at Huarte



& Co, a large public construction conglomerate in Spain, where he was responsible for the group's financial restructuring. In 1985, he founded an advisory business involved in strategy, financial control and restructuring of troubled companies, Bonilla & Pereira. After over ten years of experience in financial management, Nicolás co-founded the Apax Partners corporate finance office in Madrid in 1989. Nicolás is a member of the Retail & Consumer team and leads the Apax Partners office in Spain.

**Zehavit Cohen** – Zehavit received an MBA from the University of Pittsburgh, an MA from the Wharton School and PhD in Finance from Lassalle University (LA). She is a Lecturer in Finance and Accounting at the Wharton School and is a Fellow of the University of Pennsylvania. Having begun her career with Coopers & Lybrand, Zehavit was a VP with Chase Manhattan, a management consultant with ZHM Corporation and Executive VP and CFO of the IDB Group before joining Apax Partners in 2006 where she is head of the Israel office.

**Peter Englander** – Peter graduated with a first class honors degree in Chemical Engineering from Manchester University. He won a Kennedy Scholarship to the MIT Sloan School, from which he graduated with an SM (Management). Peter subsequently obtained a PhD from the London Business School in the area of technological innovation. He worked for Air Products and then for The Boston Consulting Group for three years before joining Apax Partners in 1981, when the first UK fund was raised. Peter chairs the Approval and Portfolio Review Committees and is a member of the Investment and Exit Committees.

**Paul Fitzsimons** – Paul joined Apax Partners in 1992 following qualification as a chartered accountant at Arthur Andersen and holding corporate finance positions at Meridian and Unison. He has considerable experience investing in all forms of media and is a member of the Media team, Chairman of the Exit Committee and a member of the Approval, Investment and Portfolio Review Committees.

**Michael Grabiner** – Mike graduated from Cambridge University with an MA in Economics and Politics. Michael was Director of BT Europe and a member of the Boards of BT Telecomunicaciones SA in Spain, VIAG InterKom in Germany, Telenordia in Sweden and Albacom in Italy. Michael then became Chief Executive of Energis Plc., before joining Apax Partners in 2002, where he is a member of the Tech & Telecom team and leads the Portfolio Management team. He is a member of the Portfolio Review Committee.

**Stephen Grabiner** – Stephen graduated with a degree in Economics from the University of Sheffield and has an MBA from Manchester Business School. He joined Apax Partners in 1999 following positions as Chief Executive of ONdigital Plc, Executive Director at United News & Media and Managing Director of The Telegraph Plc. Stephen leads the Media team and the London office. He is a member of the Global Executive Committee, Investment and Portfolio Review Committees.

**Stephen Green** – Stephen graduated with a degree in Physics from Exeter University and began his career as a Geophysicist for Seismograph Service Ltd. Having qualified as a Chartered Accountant with Coopers & Lybrand Stephen spent 18 months on secondment at NatWest Markets, a leading leverage loans bank, and then returned to specialize in corporate finance, providing M&A and buyout advice to management teams. Stephen joined Apax Partners in 1997 and leads the Financial & Business Services team. He is a member of the Approval Committee.

**Nico Hansen** – Nico studied law and economics in Göttingen and Los Angeles (UCLA). He graduated from the University of Göttingen with an MA in Economics and has a PhD in

Economics from the University of Bonn. He began his career with McKinsey & Co., specialising in telecoms and the high tech industries. Nico joined Apax Partners in 2000, is member of the Tech & Telecom team and, from early in 2007, will be based in the New York office, where he will be leading investments in “transatlantic” tech & telecom businesses.

**Lars Johansson** – Lars graduated in Business Administration from Gothenburg and also has a Masters degree in Business Administration from the Harvard Business School. He began his career with McKinsey and Co., Stockholm and was Vice President of Corporate Finance at Citibank AB, Stockholm after which he founded and was President of Provestor AB. In 1994 Lars moved to Handelsbanken Markets, Stockholm where he was Vice President of Corporate Finance and then subsequently to IT Provider, Stockholm where he became Senior Partner. Lars joined Apax Partners in 2004 where he leads the Nordic office and is a member of the Tech & Telecom team.

**Ian Jones** – Ian graduated from Cambridge University with a first class degree in Mathematics and Computer Science. Having qualified as a Chartered Accountant with Coopers & Lybrand, he went on to do an MBA at Warwick Business School, from which he graduated with Distinction in 1991. Returning to Coopers & Lybrand, Ian specialized in corporate finance, providing M&A and buyout advice to a wide variety of public and private companies and management teams. Ian joined Apax Partners in November 1997 focusing on buyouts and leads the Healthcare team. He is a member of the Approval Committee.

**Michael Phillips** – Michael graduated in Engineering Chemistry from Queens University in Kingston, Canada and holds an MBA from INSEAD. Michael began his career with Ciba Geigy Canada Ltd in the plastics additives division. He then spent three years at OTTO Holding Ltd in Cologne, one of Germany’s largest waste management companies, as the General Manager of an operations subsidiary before joining Apax Partners in 1992. Michael leads the Munich office. He is also a member of the Global Executive Committee, and the Investment, Portfolio Review, Exit and Approval Committees.

**Neil Thomson** – Neil graduated from Cambridge University with an MA in Engineering and also holds an MBA with Distinction from Harvard Business School. Neil began his career with Baring Brothers & Co before moving to ABN AMRO Bank, N.V., London as Head of Non-Emerging Markets Securitisation. After a pre-business school internship at Morgan Stanley in New York and taking his MBA, Neil joined Apax Partners in 2000 as a member of the Financial & Business Services team and head of the Financing team.

**Emilio Voli** – Emilio graduated with a first class honors degree in History from Cambridge University where he was a scholar, and received an MBA from Harvard Business School. He began his career with Goldman Sachs before moving to McKinsey & Co., and then Value Partners where he became Managing Partner of the Latin American office. He joined Apax Partners in 2001. Emilio worked in the Media team in the Milan office before moving to London in 2006 where he is now Head of Investor Relations and Fundraising. He is also an observer on the Investment Committee.

**Richard Wilson** – Richard graduated with a first class honors degree from Cambridge University in Engineering and is a Chartered Engineer. He received an MBA with distinction from INSEAD and started his career with Marconi Space Systems in computer simulation before moving to Scientific Generics as a consultant. Richard joined Apax Partners in 1995. He is Head of the European Tech & Telecom team and a member of

the Investment, Portfolio Review and Exit Committees.

**CONCLUSION/RECOMMENDATION**

Based upon the successful track record and experience of the principals and the recommendation of PSERS' consultant, Portfolio Advisors, staff recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed €200 million plus reasonable normal investment expenses, in Apax Europe VII, L.P. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Executive Director.