

**RETIREE HEALTH CARE BENEFITS PLAN AND TRUST**  
**BOARD OF TRUSTEES SPECIAL MEETING**  
**Wednesday, June 21, 2017**  
**Training Room #2 - Human Resources Department**  
**Main Municipal Building**  
**26000 Evergreen Road, Southfield, MI**

**MEETING MINUTES**

**BOARD MEMBERS PRESENT:** Irv Lowenberg; Julius Maisano; James Pierce; John Michrina (*for Frederick E. Zorn, Jr.*)

**OTHERS PRESENT:** Lauri Siskind, Human Resources Director; RHC Administrator  
Austin Michaels, Deputy Director of Fiscal Services

**BOARD MEMBERS PRESENT TELEPHONICALLY:** John Fisher, Chair; Duane Garth; Coretta Houge;  
Jeannie Jackson; L. Susan Mannisto

**OTHERS PRESENT TELEPHONICALLY:** Bill Messner, Amy Cole, Erik Burger & Burton Walter Carlson;  
Graystone Consulting - Morgan Stanley

**BOARD MEMBERS ABSENT:** Audrey Harvey; Shirley Lightsey; Shawn Wells

*Chair Fisher called the meeting to order at 10:00 a.m.*

**AGENDA**

*Review and approval of the Agenda.*

**MOTION #RHC-17-035**

Motion by Pierce, supported by Maisano to approve the Agenda for this morning's meeting.

Motion carried.

**INVESTMENT CONSULTANT PRESENTATION**

Mr. Messner relayed a development that the board needed to be aware of regarding the investment in Rothesay Life (RLF) that resides in the Blackstone Tactical Opportunities Fund I for the Southfield RHC Plan. The deadline for a response is June 23, 2017.

He offered an explanation to the structure by which RLF will recapitalize their investment, to which there were 3 options for investors:

- 1) **SELL OPTION:** The Limited Partner indicates its interest to receive its Rothesay Cash Distribution and not make a capital commitment to RL Fund.
- 2) **REINVEST CAPITAL GAIN OPTION:** The Limited Partner indicates its interest to make a capital commitment to RL Fund in an amount equal to a portion of its Rothesay Cash Distribution representing only the capital gain on investment (i.e., proceeds received in excess of amounts representing a return of capital).
- 3) **REINVEST INVESTED CAPITAL & CAPITAL GAIN OPTION:** The Limited Partner indicates its interest to make a capital commitment to RL Fund in an amount equal to its Rothesay Cash Distribution representing the invested capital and capital gain on investment.

The consultant recommended Option 1: SELL the investment, and gave the following bases for the SELL recommendation:

- 1) Keep the cash distribution of disposition proceeds based on the expected acquisition price of RL equates to booking a realized return of 32.4% / 2.4x gross IRR/MOIC.
- 2) If an investor chose the reinvestment option, reinvesting BTO I investors will make a capital commitment to the Fund equal to 100% of the reinvested amount. Approx. 60% of the reinvested amount will be withheld and treated as having been distributed and separately contributed by the reinvesting BTO I investors to BTORLF, and approximately 40% may be used for follow-on investments. Therefore, our investment in RLF may be higher than what we currently have thus far.
- 3) Reinvesting would also extend the investment period for this particular transaction an additional three years.

The board agreed with the recommendation and a motion was raised.

**MOTION #RHC – 17-036**

Motion by Lowenberg, supported by Jackson to accept Graystone Consulting-Morgan Stanley's recommendation to receive the RHC Rothesay Cash Distribution, and not make a capital commitment to Rothesay Life Fund.

Motion carried.

**PUBLIC COMMENTS**

No member of the public was present.

With no further matters to discuss, a motion to adjourn was raised.

**MOTION #RHC-17-037**

Motion by Pierce, supported by Maisano to adjourn the Retiree Healthcare Benefits Plan & Trust Board of Trustees of June 21, 2017, at 10:35 a.m.

Motion carried.

*Approved this 12<sup>th</sup> day of September 2017  
John Fisher, Chair  
Retiree Health Care Benefits Plan & Trust Board of Trustees*