

## AGENDA

Date: May 23, 2013

Re: Meeting with Eileen, Jeffrey and Ada

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### I. 2006 Trust Restructuring

#### A. *Timing.*

Consider whether we hold off on signing until details are complete for the Phase II substitution of assets.

1. Avoid a lag period when LDB is not entitled to income—not record owner on dividend date because Substitution not complete.
2. Consider making post September 30<sup>th</sup> distributions of TAI from the Relevant Companies only and noting this on the R&I agreement.

#### B. *Structure of Phase II:*

Discuss structure of the asset substitution:

1. Is LDB swapping a promissory note into the 2006 Trust or cash borrowed from a bank (or a combination)? Explore financing opportunities with JPM, Deutsche bank and Morgan Stanley?
2. What are the interest rate to be charged and the repayment terms?
3. What collateral is to be used (if any) to secure the note?
4. Determine how LDB will service the debt obligation

#### C. *Review by Jib Black.*

Consider timing of getting him involved.

#### D. *Unwinding Phase II:*

Discuss plan to pay off note between LDB and a grantor trust during his lifetime.  
Downside of not doing so:

1. Possible capital gain to the 2006 Trust of either the full amount of the note or the outstanding balance on Leon's death.

2. Gift tax risk-such a large outstanding note would be an audit red flag
  - a. Even a 5% undervaluation on a \$2 bil asset substitution would be a taxable gift of \$100 million (or a \$40 MM gift tax).
  - b. Can't file a gift tax return to report the swap and get the SOL running as this is also a red flag.

E. *Phase III:*

Discuss structure of BFP and possible restructuring of it.

Make list for Wendy Duhlman of open questions.

II. New Wills and Clean-up

This is a separate Agenda/meeting.

III. Cash Flow.

A. *Immediate Cash Needs.*

1. Raphael (1997 Trust to own?)
2. Meadow Lane (Also 1997 Trust?)
3. Phaidon cash infusion?

B. *Proposals:*

1. Loans from BFP to the 1997 Trust.
2. Pro-rata distribution from BFP to all limited partners.
3. A distribution from the 2006 Trust to the 1997 Trust (need 30 day notice to the beneficiaries).
4. BFP redeems the interests of the 1997 Trust for cash (need appraisal).

IV. Family Office

- A. *Legal Structure.* Use AG for this or Withers?
- B. *Staffing.* Prepare proposal for Leon as to our requirements.
- C. *Office Space & Infra-structure (tech and phones, etc.).* Consider spaces with 5 offices?

- D. *Checking Account/Expenses.*
  - E. *Health Insurance and Qualified Plans.*
- V. Phaidon
- A. *Legal Structure.* Discuss U.S. headquarters.
  - B. *Staffing.* Discuss CEO search.
  - C. *Cash Requirements.* Discuss going concern letter.