

**Fill in this information to identify the case:**

Debtor Highland Capital Management, L.P.

United States Bankruptcy Court for the: Northern District of Texas  
(State)

Case number 19-34054

Official Form 410  
**Proof of Claim**

04/19

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies or any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

**Part 1: Identify the Claim**

1. Who is the current creditor? California Public Employees Retirement System  
Name of the current creditor (the person or entity to be paid for this claim)  
Other names the creditor used with the debtor CalPERS

2. Has this claim been acquired from someone else?  No  
 Yes. From whom? \_\_\_\_\_

3. Where should notices and payments to the creditor be sent?  
Where should notices to the creditor be sent? See summary page  
Where should payments to the creditor be sent? (if different)  
Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)  
Contact phone 415-984-8320 Contact phone \_\_\_\_\_  
Contact email lcisz@nixonpeabody.com Contact email \_\_\_\_\_  
Uniform claim identifier for electronic payments in chapter 13 (if you use one):  
\_\_\_\_\_

4. Does this claim amend one already filed?  No  
 Yes. Claim number on court claims registry (if known) \_\_\_\_\_ Filed on \_\_\_\_\_  
MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?  No  
 Yes. Who made the earlier filing? \_\_\_\_\_



**Part 2: Give Information About the Claim as of the Date the Case Was Filed**

6. Do you have any number you use to identify the debtor?  No  
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: \_\_\_\_ \_

7. How much is the claim? \$ See Rider to Proof of Claim. Does this amount include interest or other charges?  
 No  
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.  
Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).  
Limit disclosing information that is entitled to privacy, such as health care information.  
  
See attached Rider to Proof of Claim of CalPERS with Exhibits A and B

9. Is all or part of the claim secured?  No  
 Yes. The claim is secured by a lien on property.  
**Nature or property:**  
 Real estate: If the claim is secured by the debtor's principle residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.  
 Motor vehicle  
 Other. Describe: \_\_\_\_\_  
**Basis for perfection:** \_\_\_\_\_  
Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)  
**Value of property:** \$ \_\_\_\_\_  
**Amount of the claim that is secured:** \$ \_\_\_\_\_  
**Amount of the claim that is unsecured:** \$ \_\_\_\_\_ (The sum of the secured and unsecured amount should match the amount in line 7.)  
**Amount necessary to cure any default as of the date of the petition:** \$ \_\_\_\_\_  
**Annual Interest Rate** (when case was filed) \_\_\_\_\_ %  
 Fixed  
 Variable

10. Is this claim based on a lease?  No  
 Yes. Amount necessary to cure any default as of the date of the petition. \$ \_\_\_\_\_

11. Is this claim subject to a right of setoff?  No  
 Yes. Identify the property: \_\_\_\_\_



12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

No

Yes. Check all that apply:

	Amount entitled to priority
<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	\$ _____
<input type="checkbox"/> Up to \$3,025* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
<input type="checkbox"/> Wages, salaries, or commissions (up to \$13,650*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
<input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ _____
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ _____
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)( ) that applies.	\$ _____

\* Amounts are subject to adjustment on 4/01/22 and every 3 years after that for cases begun on or after the date of adjustment.

13. Is all or part of the claim pursuant to 11 U.S.C. § 503(b)(9)?

No

Yes. Indicate the amount of your claim arising from the value of any goods received by the debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

\$ \_\_\_\_\_

**Part 3: Sign Below**

**The person completing this proof of claim must sign and date it. FRBP 9011(b).**

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

**A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.**

*Check the appropriate box:*

I am the creditor.

I am the creditor's attorney or authorized agent.

I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 04/07/2020  
MM / DD / YYYY

/s/Louis J. Cisz, III  
Signature

**Print the name of the person who is completing and signing this claim:**

Name Louis J. Cisz, III  
First name Middle name Last name

Title Attorney for Creditor CalPERS

Company Nixon Peabody LLP  
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address \_\_\_\_\_

Contact phone \_\_\_\_\_ Email \_\_\_\_\_



# KCC ePOC Electronic Claim Filing Summary

For phone assistance: Domestic (877) 573-3984 | International (310) 751-1829

<b>Debtor:</b> 19-34054 - Highland Capital Management, L.P. <b>District:</b> Northern District of Texas, Dallas Division		
<b>Creditor:</b> California Public Employees Retirement System c/o Louis J. Cisz, III Nixon Peabody LLP One Embarcadero Center, 32nd Floor San Francisco, CA, 94111  <b>Phone:</b> 415-984-8320 <b>Phone 2:</b>  <b>Fax:</b> 415-984-8300 <b>Email:</b> lcisz@nixonpeabody.com	<b>Has Supporting Documentation:</b> Yes, supporting documentation successfully uploaded <b>Related Document Statement:</b>	
	<b>Has Related Claim:</b> No <b>Related Claim Filed By:</b>	
	<b>Filing Party:</b> Authorized agent	
<b>Other Names Used with Debtor:</b> CalPERS	<b>Amends Claim:</b> No <b>Acquired Claim:</b> No	
<b>Basis of Claim:</b> See attached Rider to Proof of Claim of CalPERS with Exhibits A and B	<b>Last 4 Digits:</b> No	<b>Uniform Claim Identifier:</b>
<b>Total Amount of Claim:</b> See Rider to Proof of Claim	<b>Includes Interest or Charges:</b> None	
<b>Has Priority Claim:</b> No	<b>Priority Under:</b>	
<b>Has Secured Claim:</b> No  <b>Amount of 503(b)(9):</b> No  <b>Based on Lease:</b> No  <b>Subject to Right of Setoff:</b> No	<b>Nature of Secured Amount:</b> <b>Value of Property:</b>  <b>Annual Interest Rate:</b>  <b>Arrearage Amount:</b>  <b>Basis for Perfection:</b>  <b>Amount Unsecured:</b>	
<b>Submitted By:</b> Louis J. Cisz, III on 07-Apr-2020 2:34:50 p.m. Eastern Time <b>Title:</b> Attorney for Creditor CalPERS <b>Company:</b> Nixon Peabody LLP		

SINGER & LEVICK  
Michelle E. Shiro  
Texas Bar No. 18310900  
mshiro@singerlevick.com  
16200 Addison Road, Suite 140  
Addison, Texas 75001  
Tel: 972-380-5533  
Fax: 972-380-5748

NIXON PEABODY LLP  
Louis J. Cisz, III (CA Bar No. 142060)  
(admitted pro hac vice)  
lcisz@nixonpeabody.com  
One Embarcadero Center, 32<sup>nd</sup> Floor  
San Francisco, California 94111  
Tel: 415-984-8320  
Fax: 866-246-2754

*Attorneys for  
California Public Employees' Retirement System (CalPERS)*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS –DALLAS DIVISION**

---

In re:	§	Chapter 11
	§	
HIGHLAND CAPITAL MANAGEMENT, L.P., <sup>1</sup>	§	Case No. 19-34054-sgj11
	§	
Debtor.	§	
	§	

---

**RIDER TO PROOF OF CLAIM OF  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)**

---

<sup>1</sup> The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.

**RIDER TO PROOF OF CLAIM OF  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)**

California Public Employees' Retirement System ("CalPERS") hereby submits this Rider to its Proof of Claim ("Claim") as follows:

1. The undersigned, Louis J. Cisz, III, whose mailing address is Nixon Peabody LLP, One Embarcadero Center, 32nd Floor, San Francisco, California 94111, is the agent of the California Public Employees' Retirement System ("Claimant"), and is authorized to make this Claim on behalf of Claimant.

2. As set forth below, Debtor Highland Capital Management, L.P., ("Debtor") may be liable to Claimant for an amount which is as yet undetermined.

3. CalPERS is a limited partner of Highland Restoration Capital Partners, L.P. ("RCP"), holding a 74.07 percent interest in the RCP partnership. On or about September 30, 2019, CalPERS entered into a Purchase and Sale Agreement ("PSA") with the Debtor wherein the Debtor agreed to purchase CalPERS' interest in RCP for a purchase price of \$80,396,949 ("Purchase Price"). A copy of the PSA is attached hereto as **Exhibit A**. The PSA was acknowledged and agreed to by RCP and its general partner Highland Restoration Capital Partners GP, LLC ("RCP GP"). Among other things, the PSA provided that the Purchase Price was to be paid by November 30, 2019.

4. Subsequent to the effective date of the PSA, the Debtor advised CalPERS that the Debtor had assigned its rights under the PSA to Highland Capital Management Services, Inc. ("HCM Services"). A copy of the Assignment and Assumption Agreement dated October 1, 2019, which the Debtor provided to CalPERS ("PSA Assignment") is attached hereto as **Exhibit B**.

5. Neither the Debtor nor its apparent assignee HCM Services has timely performed

under the PSA. To date, CalPERS has not received any part of the Purchase Price from the Debtor, HCM Services, or any other person or entity.

6. As of the date of this Claim, CalPERS has received a partial distribution from RCP. However, it is unclear whether CalPERS will ultimately receive distributions from RCP that will, in the aggregate, total the amount of the Purchase Price. To the extent the aggregate amount of RCP distributions paid to CalPERS is less than the amount of the Purchase Price, CalPERS seeks to recover that shortfall amount from the Debtor pursuant to this Claim. In addition, CalPERS seeks damages flowing from Debtor's breach of the PSA including, without limitation, CalPERS' reasonable attorneys' fees and costs incurred in enforcing its rights and remedies.

7. This Claim is not founded on an open account.

8. No judgment has been rendered on the Claim.

9. The amount of all payments on this Claim has been deducted for the purpose of making this proof of claim.

10. This Claim is not subject to any setoff or counterclaim.

11. No security interest is held for this Claim.

12. This is an unsecured Claim.

Dated: April 7, 2020

**NIXON PEABODY LLP**

*/s/ Louis J. Cisz, III*

---

Louis J. Cisz, III, CA Bar No. 142060  
(Admitted Pro Hac Vice)  
lcisz@nixonpeabody.com  
NIXON PEABODY LLP  
One Embarcadero Center, 32nd Floor  
San Francisco, CA 94111  
Tel: 415-984-8200

- and -

Michelle E. Shiro  
Texas Bar No. 18310900  
mshiro@singerlevick.com  
SINGER & LEVICK  
16200 Addison Road, Suite 140  
Addison, Texas 75001  
Tel: 972-380-5533

*Attorneys for The California Public Employees'  
Retirement System (CalPERS)*

# Exhibit A

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is made as of September 30, 2019 (the “**Effective Date**”) by and among: (1) California Public Employees’ Retirement System, a California public pension plan (“**Seller**”); (2) Highland Capital Management, L.P., a Delaware limited partnership (“**Purchaser**”); (3) Highland Restoration Capital Partners GP, LLC, a Delaware limited liability company, in its capacity as the general partner (the “**General Partner**”) of the Highland Restoration Capital Partners, L.P., a Delaware limited partnership (the “**Partnership**”); and (4) the Partnership. Each of Seller, Purchaser, the General Partner and the Partnership are sometimes referred to individually as a “**Party**” and collectively as the “**Parties**.”

WHEREAS, reference is hereby made to (i) the Confidential Private Placement Memorandum of the Partnership, (as amended, modified or supplemented from time to time, the “**PPM**”), (ii) the Agreement of Limited Partnership of the Partnership, dated April 18, 2008 (as amended, modified or supplemented from time to time, the “**LPA**”), and (iii) if applicable, any side letter agreements between Seller, on the one hand, and any of the Partnership, the General Partner or the Investment Manager, as applicable, with respect to Seller’s investment in the Partnership (all such side letter agreements, as amended, modified or supplemented from time to time, the “**Side Letter**”, and together with the PPM, the LPA, and the Side Letter, the “**Governing Documents**”);

WHEREAS, capitalized terms used but not defined herein shall have the meanings set forth in the Governing Documents, as applicable;

WHEREAS, Seller is a Limited Partner of the Partnership;

WHEREAS, attached hereto as Exhibit A is Seller’s Capital Account balance as of June 30, 2019 (the “**Valuation Date**”), which represents a pro rata ownership percentage in the Partnership of 74.07% (Seller’s “**Pro Rata Percentage**”);

WHEREAS, Seller will accomplish its complete withdrawal from the Partnership by selling and assigning all of its right, title and interest in the Partnership to Purchaser in exchange for the Purchase Price (as hereinafter defined);

WHEREAS, the Partnership owns 1,180,378 shares of class A common stock, par value \$0.01 per share (the “**MGM Common Stock**”) of MGM Holdings Inc., a Delaware corporation (“**MGM**”);

WHEREAS, as of the Valuation Date, the MGM Common Stock was valued at \$67.50 per share (the “**6/30 MGM Mark**”);

WHEREAS, reference is hereby made to (i) that certain Stockholders Agreement, dated as of December 20, 2010, by and among MGM and the Stockholders (as defined therein) party thereto (the “**Stockholders Agreement**”), and (ii) that certain Registration Rights Agreement, dated as of December 20, 2010, by and among MGM and the Holders (as defined therein) party thereto (the “**Registration Rights Agreement**”); and

WHEREAS, Seller desires to sell, assign and transfer to Purchaser, and Purchaser desires to purchase, accept and assume from Seller, all of Seller's limited partnership interest in the Partnership, including, without limitation, all of Seller's rights and obligations under the Governing Documents (collectively, the "**Transferred Interest**"), in each case, on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Purchase and Sale of the Transferred Interest.

(a) On the Payment Date (as hereinafter defined), the Transferred Interest shall hereby automatically and irrevocably be sold, assigned and transferred to Purchaser, and the Transferred Interest shall hereby be automatically and irrevocably purchased, accepted and assumed by Purchaser. For the avoidance of doubt, the full and complete satisfaction of Purchaser's payment obligations pursuant to Section 2 is a condition precedent to the sale, assignment and transfer of the Transferred Interest pursuant to this Section 1(a).

(b) From and after the Payment Date, Purchaser shall become a party to the LPA and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the LPA as though an original party thereto with respect to the Transferred Interest, including, without limitation, all of Seller's obligations imposed by Section 6.7 of the LPA.

(c) In accordance with the Governing Documents the General Partner hereby consents to the transactions contemplated hereby, including without limitation, the sale, assignment and transfer of the Transferred Interest pursuant to Section 1(a) and the releases provided by the Partnership under Section 9, in each case, subject to the terms and conditions contained herein. In accordance with the Governing Documents, the General Partner hereby approves this Agreement as a valid instrument of transfer. From and after the Payment Date, Purchaser shall become, and hereby is admitted to the Partnership as, a substitute Limited Partner and shall succeed to all rights and be subject to all the obligations of Seller with respect to the Transferred Interest.

(d) On the Payment Date, the Side Letter, if applicable, shall hereby be automatically terminated and shall have no further force or effect.

2. Purchase Price.

(a) The purchase price for the Transferred Interest shall be \$80,396,949 (the "**Purchase Price**"), which shall be comprised of (x) subject to Section 2(a)(i), either (1) 874,354 shares of MGM Common Stock in-kind (the "**In-Kind MGM Shares**"), which number of shares equals Seller's Pro Rata Percentage of the MGM Common Stock held by the Partnership as of the Valuation Date, or (2) \$59,018,895 in cash (the "**MGM Cash Consideration**"), which amount equals the product of (A) the In-Kind MGM Shares, multiplied by (B) the 6/30 MGM Mark, and (y) \$21,549,415 in cash (the "**Remaining Cash Consideration**"), which amount equals 90% of Seller's Capital Account balance as of the Valuation Date after reducing such balance dollar-for-dollar by the aggregate value of the In-Kind MGM Shares based on the 6/30 MGM Mark. The

Purchase Price shall be paid within 60 days following the Effective Date (the “**Payment Deadline**”, and the date on which Purchaser has satisfied its obligation to pay the Purchase Price in full, the “**Payment Date**”) as follows:

(i) At Purchaser’s election in its sole and absolute discretion, Purchaser shall either (A) pay the MGM Cash Consideration to Seller by wire transfer of immediately available funds in accordance with the wire instructions set forth on Exhibit B attached hereto (such election, the “**Cash Election**”), or (B) assign and transfer, or cause to be assigned and transferred, to Seller the In-Kind MGM Shares (such election, the “**In-Kind Election**”), in each case, no later than the Payment Deadline.

(ii) Purchaser shall pay the Remaining Cash Consideration to Seller no later than the Payment Deadline by wire transfer of immediately available funds in accordance with the wire instructions set forth on Exhibit B attached hereto.

(b) This Agreement may be terminated at any time prior to the Payment Date by Seller upon written notice to Purchaser if Purchaser fails to fully and completely satisfy its payment obligations pursuant to Section 2(a) on or before the Payment Deadline.

3. Deliverables relating to the In-Kind MGM Shares.

(a) On the Effective Date, Seller shall deliver to Purchaser a duly executed joinder agreement, in the form attached hereto as Exhibit C (the “**Joinder Agreement**”), which Joinder Agreement shall be held by Purchaser in escrow pending the In-Kind Election, if applicable. In the event of the In-Kind Election, such Joinder Agreement shall be automatically released from escrow and Purchaser shall be authorized to deliver it to MGM.

(b) In the event Purchaser makes the In-Kind Election, Purchaser shall deliver, or cause to be delivered, to MGM:

(i) No later than five (5) days prior to the Payment Date, a notice of the assignment and transfer of the In-Kind MGM Shares contemplated herein in accordance with Section 4.1(b) of the Stockholders Agreement;

(ii) No later than the Payment Date, a duly executed and medallion guarantee stamped stock power, in the form attached hereto as Exhibit D (the “**Stock Power**”);

(iii) No later than the Payment Date, an opinion in form and substance reasonably satisfactory to MGM from counsel reasonably satisfactory to MGM that the assignment and transfer of the In-Kind MGM Shares contemplated herein may be made without registration under Section 5 of the United States Securities Act of 1933, as amended (the “**Securities Act**”), and any applicable state securities laws; and

(iv) The Joinder Agreement.

In the event Purchaser makes the In-Kind Election, in connection with the transfer of the In-Kind MGM Shares to Seller as outlined above, Purchaser hereby agrees to notify MGM

and take all necessary action so that MGM will acknowledge Seller as the owner of the In-Kind MGM Shares for and on behalf of Seller.

4. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Seller and the Partnership as of the Effective Date as follows:

(a) Purchaser is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. It has full legal right, power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and referred to herein. The execution and delivery by Purchaser of this Agreement, the performance by Purchaser of its obligations hereunder and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all requisite actions on the part of Purchaser. This Agreement constitutes a legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally or by general equitable principles (whether considered in a proceeding in equity or at law);

(b) Purchaser is a sophisticated investor and has relied on its own independent investigation and not on any information or written or oral representations or warranties of any kind or nature made by Seller (other than the representations and warranties of Seller contained herein). It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of entering into this Agreement, is aware that an investment in the Transferred Interest is highly speculative, has considered the financial risks and hazards of investing in the Partnership, and is able to bear the economic risk thereof, including the possibility of a complete loss with respect thereto. It has been represented by such legal and tax counsel and others selected by it as it found necessary to consult concerning this Agreement and the transactions contemplated hereby, and to review and evaluate the tax, economic and other ramifications of the same;

(c) Purchaser is an "accredited investor" within the meaning of Rule 501 under the Securities Act and is acquiring the Transferred Interest pursuant to this Agreement for investment purposes and not with a present intent to distribute the Transferred Interest in violation of applicable securities laws;

(d) Neither Seller nor any of Seller's Affiliates has recommended that Purchaser enter into this Agreement;

(e) No consent, waiver, authorization, release of lien or approval of any governmental or regulatory authority, domestic or foreign, or of any other person, nor any declaration or notice to or filing or registration with any such governmental or regulatory authority, is required in connection with its execution and delivery of this Agreement, the performance of its obligations hereunder or the consummation of the transactions contemplated hereby by it, except for such consents which have already been obtained (including the execution of this Agreement by the General Partner);

(f) In the event Purchaser makes the In-Kind Election, the In-Kind MGM Shares will be delivered to Seller free and clear of all liens, encumbrances and claims of any kind

other than those arising under the Stockholders Agreement or the Registration Rights Agreement, created by Seller (or any of its Affiliates) or arising under applicable securities laws;

(g) The execution and delivery of this Agreement and, if applicable, the Stock Power, the performance of Purchaser's obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby or referred to herein or therein do not and will not conflict with, result in a breach of, or otherwise constitute a default or event that (with or without notice or lapse of time or both) would constitute a default under or breach of, any of its governing documents or any terms, conditions or provisions of any notice, bond, mortgage, license, permit, lease, instrument, agreement or obligation to which it is a party or by which it or any of its assets is bound, or violate any law, rule or regulation applicable to it; and

(h) No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser or any of its Affiliates, and Seller is not responsible for any fees, commissions or expenses of any such person.

(i) As of the Effective Date, the Purchaser has available assets sufficient for the payment of the Remaining Cash Consideration.

(j) Purchaser is not insolvent, and there has been no request, for nor has there been issued, any bankruptcy decree against Purchaser, whether temporary or permanent; nor has any legal administrative or other proceeding concerning the bankruptcy of the Purchaser been commenced.

(k) There are no pending or, to the Purchaser's knowledge, threatened actions, suits, claims, arbitrations, governmental inquiries or investigations, or proceedings, at law or in equity, against the Purchaser or any of its affiliates by or before any court or tribunal, any governmental or regulatory body, agency, authority or official or any arbitrator, domestic or foreign, that would reasonably be expected to affect the legality, validity or enforceability of this Agreement against the Purchaser.

5. Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser and the Partnership as of the Effective Date as follows:

(a) Seller is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. It has full legal right, power and authority to execute and deliver this Agreement and the Joinder Agreement and to consummate the transactions contemplated hereby and thereby, and referred to herein and therein. The execution and delivery by Seller of this Agreement and the Joinder Agreement, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite actions on the part of Seller. Each of this Agreement and the Joinder Agreement, if released from escrow pursuant to Section 3(a), constitutes or will constitute, a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally or by general equitable principles (whether considered in a proceeding in equity or at law);

(b) Seller is the sole legal and beneficial owner of the Transferred Interest with good, marketable and unencumbered title thereto, other than restrictions or encumbrances arising under any of the Governing Documents and restrictions on transfers arising under applicable securities laws. When the Transferred Interest is sold, assigned and transferred to Purchaser in accordance with the terms of this Agreement, the Transferred Interest will be free and clear of all liens, encumbrances and claims of any kind other than those arising under any Governing Document or created by Purchaser (or any of its Affiliates) or arising under applicable securities laws;

(c) No consent, waiver, authorization, release of lien or approval of any governmental or regulatory authority, domestic or foreign, or of any other person (other than as required under the Governing Documents), nor any declaration or notice to or filing or registration with any such governmental or regulatory authority, is required in connection with Seller's execution and delivery of this Agreement or the Joinder Agreement, the performance of its obligations hereunder and thereunder or the consummation of the transactions contemplated hereby and thereby by it, except for such consents which have already been obtained (including the execution of this Agreement by the General Partner);

(d) The execution and delivery of this Agreement and the Joinder Agreement, the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby and referred to herein and therein do not and will not conflict with, result in a breach of, or otherwise constitute a default or event that (with or without notice or lapse of time or both) would constitute a default under or breach of, any of its governing documents or any terms, conditions or provisions of any notice, bond, mortgage, license, permit, lease, instrument, agreement or obligation to which it is a party or by which it or any of its assets is bound, or violate any law, rule or regulation applicable to it;

(e) Seller is a sophisticated investor and has relied on its own independent investigation and not on any information or written or oral representations or warranties of any kind or nature made by Purchaser, the Partnership, the General Partner or the Investment Manager (other than the representations and warranties of Purchaser contained herein). It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of entering into this Agreement and the Joinder Agreement, has considered the financial risks and hazards of this Agreement and the transactions contemplated thereby, and is able to bear the economic risk thereof. It has been represented by such legal and tax counsel and others selected by it as it found necessary to consult concerning this Agreement, the Joinder Agreement and the transactions contemplated thereby and to review and evaluate the tax, economic and other ramifications of the same;

(f) Seller acknowledges none of Purchaser, the Partnership, the General Partner, the Investment Manager nor any of their respective Affiliates is providing any investment advice or otherwise acting as an investment adviser to Seller in connection with the transactions contemplated by this Agreement and the Joinder Agreement; and

(g) No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller or any of its Affiliates, and none of

Purchaser, the Partnership, the General Partner, the Investment Manager nor any of their respective Affiliates is responsible for any fees, commissions or expenses of any such person.

(h) Except for the representations and warranties expressly contained in this Section 5, neither the Seller nor any person acting on its behalf has made or makes any other express or any implied representations or warranties with respect to the Transferred Interest or the Partnership or the accuracy or completeness of any information provided by the Seller or any person acting on its behalf (collectively, the “**Seller Information**”). Without limiting the foregoing, neither the Seller nor any person acting in its behalf will have, or be subject to, any liability to the Purchaser, any affiliate of the Purchaser or any person acting on any of their behalf arising out of or resulting from any Seller Information or the use thereof.

6. Indemnification.

(a) Purchaser Indemnification. Purchaser shall indemnify, defend and hold harmless Seller, the Partnership, the General Partner and the Investment Manager from any obligations, liabilities, claims, costs, expenses, losses and damages, including, without limitation, reasonable legal fees and expenses (collectively, “**Liabilities**”) which they may suffer or incur from time to time, and from the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers, in any such case arising out of, based upon or in connection with any material breach on the part of Purchaser in relation to its agreements, representations, warranties, covenants, duties and obligations under this Agreement. Notwithstanding anything contained herein to the contrary, Purchaser’s aggregate liability for breach of representations and warranties hereunder shall not exceed the portion of the Purchase Price actually paid by Purchaser.

(b) Seller Indemnification. Seller shall indemnify, defend and hold harmless Purchaser, the Partnership, the General Partner and the Investment Manager from any Liabilities which they may suffer or incur from time to time, and from the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers, in any such case arising out of, based upon or in connection with any material breach on the part of Seller in relation to its agreements, representations, warranties, covenants, duties and obligations under this Agreement. Notwithstanding anything contained herein to the contrary, Sellers aggregate liability for breach of representations and warranties hereunder shall not exceed the Purchase Price.

(c) Limitations on Indemnification. None of Purchaser nor Seller will have any liability to the other Party pursuant to this Section 6 for any indemnification claims for: (i) punitive damages of any nature; or (ii) indirect or consequential damages, including damages for lost profit, lost business opportunity, or damage to business reputation, except in each case of clauses (i) and (ii) above, to the extent payments in respect of the indemnifying Party’s obligations are for such Liabilities owed by such indemnified Party to a third party or in the event of fraud, criminal or intentional misconduct by the indemnifying Party or any Affiliates or other representatives thereof, in each case, as determined in a final, non-appealable order by a court of competent jurisdiction. For the avoidance of doubt, the term “intentional misconduct” shall include intentional misrepresentation or willful material breach.

(d) Exclusive Remedies. The Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or intentional misconduct on the part of a Party (or any of its Affiliates or other representatives) in connection with any of the transactions contemplated hereby, in each case, as determined in a final, non-appealable order by a court of competent jurisdiction) for any breach of any representation, warranty, covenant, agreement or obligation set forth in this Agreement or otherwise relating to the transactions contemplated hereby, will be pursuant to the indemnification provisions set forth in this Section 6. In furtherance of the foregoing, each Party hereby waives, to the fullest extent permitted under applicable law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth in this Agreement or otherwise relating to the transactions contemplated hereby it may have against any other Party and its Affiliates and each of their respective partners, members, shareholders, officers, managers, directors, employee and representatives arising under or based upon any law, except pursuant to the indemnification provisions set forth this section. Notwithstanding the foregoing, nothing in this Agreement will limit any Party's right to seek and obtain any injunctive or other equitable relief to which such Party will be entitled or to seek any remedy on account of another Party's fraudulent, criminal or intentional misconduct, in each case, as determined in a final, non-appealable order by a court of competent jurisdiction. Notwithstanding anything to the contrary in this Section 6(d), this Section 6(d) shall not limit any Party's rights with respect to a Retained Claim.

(e) Tax Treatment. All indemnification payments made under this Agreement will be treated by the Parties as an adjustment to the Purchase Price for tax purposes, unless otherwise required by law.

## 7. Covenants.

(a) Confidentiality. Each Party agrees that the existence and terms of this Agreement are confidential and each Party agrees that it shall not, without the prior written consent of the other Parties, whether or not the transactions hereby are completed, disclose to any other person or entity the existence or terms of this Agreement or the terms of any other discussions between the Parties regarding the subject matter hereof. The obligation of confidentiality contained in this section shall not apply or, as the case may be, shall cease to apply to confidential information which: (i) at the time of its disclosure is already in the public domain or which subsequently enters the public domain other than as a result of a breach of the terms of this Agreement by the Party (or any of their respective Affiliates) seeking to disclose such information; (ii) is required to be disclosed by applicable law or order of a court of competent jurisdiction or government department or agency or by the rules of any applicable regulatory authority; provided that, except with respect to disclosures required under applicable law, the disclosing Party shall, to the extent permitted by applicable law, notify the other Parties and consult and co-operate with the other Parties' reasonable requests regarding the timing and content of such disclosure or any action which the other Party may reasonably elect to challenge the validity of such requirement; the disclosing Party undertakes that any such disclosure shall be the minimum required by the relevant law in order for the disclosing Party to comply with its obligations; (iii) is disclosed in accordance with such terms as the Parties may have previously approved in writing; or (iv) is disclosed by a Party to such of its or its Affiliates' employees, representatives and agents as have a need to know such information and are under a preexisting duty of confidentiality to the

disclosing Party; provided, further, that the disclosing Party makes such recipients aware of the confidential nature of the information and takes commercially reasonable steps to ensure that such recipients shall keep such information confidential in accordance herewith. The disclosing Party will be responsible for any breach of this Agreement by its Affiliates and its and their respective employees, representatives and agents.

(b) Publicity. Unless otherwise required by applicable law (based upon the reasonable advice of counsel), no Party shall make any public announcements in respect of this Agreement or the transactions contemplated hereby, including the status thereof, or otherwise communicate with any news media without the prior written consent of the other Parties, and if such consent is so provided, the Parties will cooperate as to the timing and contents of any such announcement.

8. Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the Party incurring such costs and expenses, whether or not the transactions consummated hereby are consummated.

9. Waiver and Release.

(a) Subject to Section 9(e), Seller does hereby for itself and all of its predecessors, successors, and assigns, and for all other persons claiming by, through or under any of them, hereby fully, irrevocably and forever RELEASE, ACQUIT AND FOREVER DISCHARGE the Partnership, the General Partner, the Investment Manager and their respective predecessors, successors, assigns, Affiliates, subsidiaries, and all their respective past, present and future officers, directors, managers, agents, representatives and employees (collectively, the “**Partnership Released Parties**”), of and from any and all claims, liabilities, actions, causes of action, demands, rights, damages, costs, loss of service, expense and compensation whatsoever (collectively, “**Claims**”), from the beginning of time through the Payment Date, related to, or arising from, the Transferred Interest, the Partnership’s, the General Partner’s or the Investment Manager’s activities in connection therewith or Seller’s or any of its Affiliates’ investment in the Partnership, and any acts and omissions relating to the management of the Partnership, whether or not in contract, in equity, in tort or otherwise, whether pursuant to any rule, regulation, law or otherwise, whether direct or indirect, and whether known or unknown as of the Payment Date, and whether fixed, accrued, contingent or otherwise, which such releasing Party ever had, now has or may hereafter have. Notwithstanding anything to the contrary herein, this Section 9(a) shall be effective if and only if Purchaser performs obligations pursuant to Sections 2 and 3 in full, and shall not have any force or effect prior to the full performance of Purchaser’s obligations pursuant to Sections 2 and 3.

(b) Subject to the last sentence of Section 9(a) and Section 9(e), Seller acknowledges and agrees that all disputes and claims released herein have been fully and finally settled to its complete satisfaction, leaving no disputes, controversies, claims or grievances of any kind in relation to the claims released herein; therefore, it covenants and agrees that it will not again raise, participate in, assist, or in any way pursue any claims which are being released and discharged in this Agreement in any forum of any kind, including, without limitation, the federal,

state or local courts, or federal, state or local agencies or offices of any kind, be they administrative, regulatory, judicial, quasi-judicial, or otherwise; provided, that, the foregoing shall not restrict Seller from making any disclosures required by any administrative, regulatory, governmental, judicial or quasi-judicial authority or otherwise by applicable law.

(c) Subject to Section 9(e), each of the Partnership, the General Partner and the Investment Manager does hereby for itself and all of its predecessors, successors, and assigns, and for all other persons claiming by, through or under any of them, hereby fully, irrevocably and forever RELEASE, ACQUIT AND FOREVER DISCHARGE Seller and its predecessors, successors, assigns, Affiliates, subsidiaries, and all their respective past, present and future officers, directors, managers, agents, representatives and employees (collectively, the “**Seller Released Parties**”), of and from any and all Claims, from the beginning of time through the Payment Date, related to, or arising from, the Transferred Interest, the Seller’s activities in connection therewith or Seller’s or any of its Affiliates’ investment in the Partnership, whether or not in contract, in equity, in tort or otherwise, whether pursuant to any rule, regulation, law or otherwise, whether direct or indirect, whether known or unknown, and whether fixed, accrued, contingent or otherwise, which such releasing Party ever had, now has or may hereafter have. Notwithstanding anything to the contrary herein, this Section 9(c) shall be effective if and only if Seller’s release is effective pursuant to Section 9(a).

(d) Subject to the last sentence in Section 9(c) and Section 9(e), each of the Partnership, the General Partner and the Investment Manager acknowledges and agrees that all disputes and claims released herein have been fully and finally settled to its complete satisfaction, leaving no disputes, controversies, claims or grievances of any kind in relation to the claims released herein; therefore, it covenants and agrees that it will not again raise, participate in, assist, or in any way pursue any claims which are being released and discharged in this Agreement in any forum of any kind, including, without limitation, the federal, state or local courts, or federal, state or local agencies or offices of any kind, be they administrative, regulatory, judicial, quasi-judicial, or otherwise; provided, that, the foregoing shall not restrict the Partnership, the General Partner or the Investment Manager from making any disclosures required by any administrative, regulatory, governmental, judicial or quasi-judicial authority or otherwise by applicable law.

(e) Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement releases any Partnership Released Party or Seller Released Party of (or otherwise limits) any Claims arising out of, based upon or in connection with this Agreement or any transactions contemplated hereby (which Claims shall be subject to Section 6(e)) (any such Claim a “**Retained Claim**”).

#### 10. Miscellaneous.

(a) This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and may not be changed or terminated, except in a writing signed by each Party. No waiver of any provision of this Agreement will be valid and binding on any Party unless it is in writing and signed by the Party against whom the waiver is to be effective.

(b) No waiver by any Party of any breach of any term of this Agreement shall be construed as a waiver of any subsequent breach of that term or any other term of the same or of a different nature.

(c) This Agreement and the rights, powers and duties set forth herein shall bind and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and permitted assigns of the Parties. No Party may transfer or assign its rights or obligations under this Agreement without the prior written consent of the other Parties; provided, that, prior to the Payment Date, Purchaser may assign any of its rights or obligations hereunder to any of its Affiliates or advised accounts without the consent of Seller; provided, further, that no such assignment or assumption shall relieve Purchaser of any of its obligations under this Agreement.

(d) Except as provided in Section 6 and Section 9, this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or will confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(e) This Agreement shall be deemed to have been made under, and shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the conflict of laws rule thereof which would result in the application of the laws of a different jurisdiction. The Parties irrevocably agree that any suit, action or proceeding arising, directly, indirectly or otherwise, in connection with, out of, related to, or from, this Agreement, any breach hereof, or any transaction covered hereby, shall be resolved, exclusively within the courts of the State of Texas, City and County of Dallas. Accordingly, each such Party irrevocably consents and submits to the exclusive jurisdiction of such courts located within the State of Texas and may not claim that any such suit, action or proceeding has been brought in an improper venue or inconvenient forum. Each Party waives any and all rights to a trial by jury for all civil actions or proceedings involving a dispute arising out of or relating to this Agreement.

(f) This Agreement supersedes all prior agreements and understandings (written or oral) of the Parties with respect to the subject matter hereof.

(g) If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(h) This Agreement is not intended to be for the benefit of non-party creditors or other third parties except as set forth in Section 6 or Section 9.

(i) All notices, claims and other communications hereunder shall be in writing and shall be deemed duly given (a) when delivered by hand (with written confirmation of receipt);

(b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day (at the place of the recipient) if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. All communications hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such communication:

If to Seller, to:

California Public Employees' Retirement System  
Lincoln Plaza  
400 Q Street, Suite 4800 E  
Sacramento, CA 95814  
Attention: Louis Zahorek  
E-mail: Louis.Zahorek@calpers.ca.gov

If to Purchaser, the Partnership or the General Partner, to:

c/o Highland Capital Management, L.P.  
300 Crescent Court, Suite 700  
Dallas, Texas 75214  
Attention: General Counsel  
E-mail: Legal@hcmlp.com

(j) This Agreement, or any portion thereof, shall not be construed against the Party who initially prepared it, but shall be construed as if all Parties jointly prepared each and every part thereof, and any uncertainty or ambiguity shall not be interpreted to the detriment of any party on such basis.

(k) For purposes of this Agreement: (i) the words "include," "includes" and "including" will be deemed to be followed by the words "without limitation"; (ii) the word "or" is not exclusive; (iii) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; and (iv) the word "person" shall be interpreted broadly to include any individual, partnership, limited liability company, firm, corporation, joint venture, governmental or regulatory authority (whether domestic or foreign), unincorporated organization, trust, association or other entity.

(l) Unless the context otherwise requires, references herein: (i) to Sections and Exhibits mean the sections of, and exhibits attached to, this Agreement; (ii) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (iii) to a statute, regulation or rule means such statute, regulation or rule as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder.

(m) The headings in this Agreement are for reference only and will not affect the interpretation of this Agreement.

(n) This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. The signatures of all of the Parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile or by other electronic form is as effective as executing and delivering this Agreement in the presence of the other Parties to this Agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other Party. In proving the existence of this Agreement, a Party must produce or account only for the executed counterpart of the party to be charged.

(o) The Parties agree that irreparable damage would occur if any provisions of this Agreement were not performed in accordance with the terms hereof. Accordingly, in the event of any breach or threatened breach by any Party of any of its obligations hereunder, the other Party shall be entitled to equitable relief, including injunctions and specific performance, as a remedy for any such breach or threatened breach. Such relief shall be available without any obligation to prove any actual damages underlying such breach or threatened breach. Notwithstanding anything to the contrary set forth herein, in no event will any Party have any recourse whatsoever hereunder against a Party's or any of its Affiliates' partners, members, shareholders, managers, directors, employees or representatives.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

**SELLER:**

CALIFORNIA PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM

By: Tom Zahradka  
Name: LOUIS ZAHRADKA  
Title: Investment Director

**PURCHASER:**

HIGHLAND CAPITAL MANAGEMENT, L.P.

By: Strand Advisors, Inc., Its General Partner

By: \_\_\_\_\_  
Name: Frank Waterhouse  
Title: Treasurer

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

**SELLER:**

CALIFORNIA PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM

By: \_\_\_\_\_

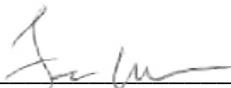
Name:

Title:

**PURCHASER:**

HIGHLAND CAPITAL MANAGEMENT, L.P.

By: Strand Advisors, Inc., Its General Partner

By:  \_\_\_\_\_

Name: Frank Waterhouse

Title: Treasurer

**ACKNOWLEDGED AND AGREED:**

**THE PARTNERSHIP:**

HIGHLAND RESTORATION CAPITAL PARTNERS, L.P.

By: Highland Restoration Capital Partners GP, LLC, its General Partner

By: Highland Capital Management, L.P., its Sole Member

By: Strand Advisors, Inc., its General Partner

By:  \_\_\_\_\_  
Name: James Dondero  
Title: President

**GENERAL PARTNER:**

HIGHLAND RESTORATION CAPITAL PARTNERS GP, LLC

By: Highland Capital Management, L.P., its Sole Member

By: Strand Advisors, Inc., its General Partner

By:  \_\_\_\_\_  
Name: James Dondero  
Title: President

**ACKNOWLEDGED AND AGREED for the sole limited purpose expressly set forth in Section 2(a)(i) and Section 3(a):**

LONGHORN CREDIT FUNDING, LLC

By: Highland Capital Management, L.P., its Investment Manager

By: Strand Advisors, Inc., its General Partner

By:  \_\_\_\_\_  
Name: James Dondero  
Title: President

**EXHIBIT A**

**June 30, 3019 Capital Account Statement**

*[Attached.]*

**Statement of Capital Account  
For the Period Ended June 30, 2019**

**Fund: Highland Restoration Capital Partners, L.P.**  
**Investor: California Public Employees' Retirement System**  
**Ownership: 74.07%**  
**% Funded: 99.12%**

**Fund Status**

**Commitment Summary:**

Commitment	\$ 100,000,000
Contributions	(167,705,261)
Recallable Distributions	68,586,489
Remaining Commitment	<u>\$ 881,228</u>

**Performance Summary**

Cumulative Contributions	\$ (167,705,262)
Cumulative Distributions	147,581,219
Capital Balance as of June 30, 2019	82,962,689
Gain/(Loss) on Investment	<u>\$ 62,838,646</u>

Net Investor IRR	8.0%
Net Investor Multiple	1.4x

**Capital Account Summary**

<b>Beginning balance as of April 1, 2019</b>	<b>\$ 88,963,180</b>
--	----------------------

**Capital Activity:**

Contributions	-
Distributions	(3,782,968)
Net Capital	<u>\$ (3,782,968)</u>

**Net Income/Loss:**

Management Fee	-
Partnership Operations	(85,980)
Net Income/(Loss) from Investments	10,297
Net Realized Gain/(Loss) from Investments	-
Net Unrealized Gain/(Loss) from Investments	(5,944,365)
Net Income/(Loss)	<u>\$ (6,020,048)</u>

<b>Ending Balance as of June 30, 2019</b>	<b>\$ 79,160,164</b>
---	----------------------

Incentive Allocation	3,802,525
----------------------	-----------

<b>Ending Balance as of June 30, 2019 after incentive allocation</b>	<b>\$ 82,962,689</b>
--	----------------------

MGM	59,018,895
-----	------------

Remaining Balance	23,943,794
-------------------	------------

<b>Ending Balance as of June 30, 2019 after incentive allocation</b>	<b>\$ 82,962,689</b>
--	----------------------

**EXHIBIT B**

**Seller's Wire Instructions**

BANK NAME:	STATE STREET BANK & TRUST COMPANY, BOSTON MA
ABA #:	011000028
BENEFICIARY NAME:	CalPERS Non-Traditional High Yield, SWPE
BENEFICIARY AC#:	00499285
REF:	IMS

**EXHIBIT C**

**Form of Joinder Agreement**

*[Attached.]*

## JOINDER AGREEMENT

This Joinder Agreement (this “**Joinder**”), dated as of \_\_\_\_\_, 2019, is executed by California Public Employees’ Retirement System, a California public pension plan (“**Transferee**”) and delivered to MGM HOLDINGS INC., a Delaware corporation (the “**Company**”), pursuant to Sections 4.1(c) and 7.6 of the Stockholders Agreement (as defined below) and Section 17 of the Registration Rights Agreement (as defined below). Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Stockholders Agreement, unless otherwise noted.

### RECITALS

A. The undersigned Stockholder (“**Transferor**”), among others, are parties (or deemed to be parties) to (i) that certain Stockholders Agreement, dated as of December 20, 2010, by and among the Company and the Stockholders party thereto (the “**Stockholders Agreement**”) and (ii) that certain Registration Rights Agreement, dated as of December 20, 2010, by and among MGM Holdings Inc. and the Holders (as defined therein) (the “**Registration Rights Agreement**”);

B. Transferor desires to Transfer Eight Hundred Seventy-Four Thousand Three Hundred Fifty-Four (874,354) shares of class A common stock, par value \$0.01 per share of the Company (the “**Transferred Shares**”) to Transferee in accordance with Sections 4.1 and 7.6 of the Stockholders Agreement (the “**Transfer**”) and to assign its rights and obligations under the Registration Rights Agreement in accordance with Section 17 of the Registration Rights Agreement (the “**Assignment**”);

C. Pursuant to Sections 4.1 and 7.6 of the Stockholders Agreement, the Transfer is conditioned upon Transferee becoming a party to, and bound by, the Stockholders Agreement to the same extent as Transferor; and

D. Pursuant to Section 17 of the Registration Rights Agreement, the Assignment is conditioned upon the Transferee becoming a party to, and bound by, the Registration Rights Agreement as if the Transferee was an original party to the Registration Rights Agreement.

NOW THEREFORE, in consideration of the foregoing and the other benefits accruing to the Transferee, the receipt and sufficiency of which are hereby acknowledged, Transferee hereby agrees as follows:

1. Representations and Warranties of the Transferee. The Transferee hereby represents and warrants to the Company as follows:

(a) Organization and Standing. The Transferee has been duly incorporated, formed or organized, as applicable, is validly existing and is in good standing under the laws of its jurisdiction of formation.

(b) Authority; Binding Agreement. The Transferee has all requisite power, authority and capacity to execute and deliver this Joinder and to perform its obligations

hereunder. This Joinder has been duly and validly executed and delivered by the Transferee and constitutes the legal, valid and binding obligation of the Transferee, enforceable against the Transferee in accordance with its terms, except to the extent such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors' rights and/or by limitations on the availability of equitable remedies.

(c) Conflicts, Consents and Approvals. The execution and delivery by the Transferee of this Joinder and any other documents or instruments contemplated hereby, the performance by the Transferee of its obligations hereunder, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) violate or conflict with, or result in a breach of any provision of, the articles of incorporation or bylaws (or similar organizational documents) of the Transferee, (ii) violate or contravene any applicable statute, law, ordinance, rule, regulation, code, order, rule of law (including common law) or other requirement enacted, adopted, issued or promulgated by any Governmental Authority, or (iii) require any material action, consent, approval or authorization of, or review by, or declaration, registration or filing with, or notice to, any Governmental Authority, or any stock exchange or similar self-regulatory organization, or any other third party.

(d) Investment Intent. The Transferee is acquiring the Transferred Shares for its own account, for investment purposes only, and not with a view to, or in connection with, any resale or other distribution of the Transferred Shares in violation of federal or state securities laws.

(e) Investment Experience. The Transferee (i) is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act and (ii) has such knowledge and experience in financial, investment and business matters as to be capable of evaluating the merits and risks of the purchase of the Transferred Shares. The Transferee acknowledges that an investment in the Company involves substantial risks. The Transferee is able to bear the economic risk of the investment contemplated hereby for an indefinite period of time.

(f) No Reliance. The Transferee acknowledges that (i) the Company is not recommending the Transfer and Assignment and (ii) except as set forth in this Joinder, the Stockholders Agreement or the Registration Rights Agreement, the Company has made no representations, warranties, agreements or undertakings to the Transferee with respect to the transactions contemplated hereby or the business operations or future prospects of the Company. In executing and delivering this Joinder, the Transferee has not relied on any statement or representation made by any legal counsel or investment advisor to or other agent of the Company. The Transferee has obtained, at its expense, to the extent the Transferee deems necessary, the Transferee's own personal professional advice with respect to the risks, benefits and suitability of the transactions contemplated hereby.

2. Agreement to be Bound by Stockholders Agreement. Transferee hereby agrees that effective upon (a) execution and delivery of this Joinder and (b) the effective Transfer of the Transferred Shares, Transferee shall be a party to the Stockholders Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Stockholders Agreement to the same extent as the Transferor, and Transferee shall be deemed a

“Stockholder” thereunder for all purposes.

3. Agreement to be Bound by Registration Rights Agreement. The Transferee hereby agrees that upon (a) execution and delivery of this Joinder and (b) the effective Transfer of the Transferred Shares, the Transferee shall be a party to the Registration Rights Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Registration Rights Agreement as if the Transferee was an original party to the Registration Rights Agreement, and the Transferee shall be deemed a “Holder” thereunder for all purposes.

4. Notices. All notices, requests, consents and other communications to Transferee under the Stockholders Agreement shall be delivered to the address or facsimile number set forth below or such other address or facsimile number as may hereafter be designated in writing by Transferee:

California Public Employees’ Retirement System  
Lincoln Plaza  
400 Q Street, Suite 4800 E  
Sacramento, CA 95814  
Attention: Louis Zahorek  
E-mail: Louis.Zahorek@calpers.ca.gov

5. Shareholder Register. Upon the execution of this Joinder and the consummation of the Transfer, the shareholder register of the Company shall be updated to reflect the Transfer.

6. Further Agreement. The parties hereto shall use commercially reasonable efforts to do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments or documents as any other party may reasonably request in order to carry out the intent and purposes of this Joinder and to consummate the transactions contemplated hereby.

7. Effect of Headings. The section headings of this Joinder have been inserted for convenience of reference only and shall not be deemed a part of this Joinder.

8. Assignment. This Joinder may not be assigned, delegated, amended or modified without the prior written consent of the Transferee, the Transferor and the Company.

9. Counterparts. This Joinder may be executed in one or more counterparts, each of which shall be deemed to constitute an original but all such respective counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Joinder by facsimile or other electronic image scan shall be effective as delivery of a manually executed counterpart of this Joinder.

10. Disputes. The provisions of Section 7.11 of the Stockholders Agreement shall apply to any and all disputes arising out of, relating to or in connection with this Joinder.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned has executed and delivered this Joinder as of the date first written above.

TRANSFeree:

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

By: Jan Zahrad  
Name: Jan Zahrad  
Title: Investment Director

ACCEPTED AND ACKNOWLEDGED BY:

TRANSFEROR:

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

MGM HOLDINGS INC.

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT D**

**Form of Stock Power**

*[Attached.]*

STOCK POWER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, a California public pension plan having a principal place of business at Lincoln Plaza, 400 Q Street, Suite 4800 E, Sacramento, CA 95814 and a tax identification number of 94-6207465, a total of Eight Hundred Seventy-Four Thousand Three Hundred Fifty-Four (874,354) Shares of Class A Common Stock, par value \$0.01 per share, of MGM HOLDINGS INC., a Delaware corporation (the "Company"), standing in the undersigned's name on the books of the Company and hereby irrevocably constitutes and appoints Continental Stock Transfer & Trust Company as attorney-in-fact to transfer said stock on the books of the Company with full power of substitution in the premises.

Dated: \_\_\_\_\_, 2019

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

*[Medallion Guarantee]*

# Exhibit B

## ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this “**Agreement**”) dated as of October 1, 2019 (“**Effective Date**”), is entered into by and HIGHLAND CAPITAL MANAGEMENT, L.P., a Delaware limited partnership (“**Assigning Party**”), HIGHLAND CAPITAL MANAGEMENT SERVICES, INC. (“**Assuming Party**”).

WHEREAS, Assigning Party desires to assign to Assuming Party all of its rights and delegate to Assuming Party all of its obligations under certain contracts as described on Schedule 1 attached hereto (collectively “**Assigned Contracts**”);

WHEREAS, Assuming Party desires to accept such assignment of rights and delegation of obligations under the Assigned Contracts;

WHEREAS, capitalized terms used but not defined in this Agreement have the meanings set forth in the Assigned Contract, as applicable;

WHEREAS, pursuant to the terms of the Assigned Contracts, Assigning Party, in its capacity as Purchaser under the Assigned Contracts, may assign any of its rights or obligations under each of the Assigned Contracts to any of its Affiliates or advised accounts without the consent of Seller; and

WHEREAS, Assuming Party is an Affiliate of Assigning Party.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set out herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### 1. Assignment and Assumption.

1.1 Assignment. Assigning Party hereby irrevocably sells, assigns, grants, conveys and transfers to Assuming Party all of Assigning Party’s right, title and interest in and to the Assigned Contracts.

1.2 Assumption. Assuming Party unconditionally accepts such assignment and assumes all of Assigning Party’s duties, liabilities and obligations under the Assigned Contracts, and agrees to pay, perform and discharge, as and when due, all of the obligations of Assigning Party under the Assigned Contracts, including, without limitation, Purchaser’s obligation to pay the Purchase Price in accordance with the terms and subject to the conditions set forth in the Assigned Contracts.

### 2. Indemnification.

2.1 Assuming Party Indemnification. Assuming Party (as “**Indemnifying Party**”) shall indemnify, hold harmless, and defend Assigning Party and its partners, officers, directors, employees, agents, affiliates, successors and permitted assigns (collectively, “**Indemnified Party**”) against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including attorney fees, that are incurred by Indemnified Party relating to,

arising out of or resulting from any breach or non-fulfillment of any covenant set forth herein.

### 3. Miscellaneous.

3.1 Further Assurances. On the other party's reasonable request, each party shall, at its sole cost and expense, execute and deliver all such further documents and instruments, and take all such further acts, necessary to give full effect to this Agreement.

3.2 Headings. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.

3.3 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability does not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

3.4 Entire Agreement. This Agreement, together with all related schedules, is the sole and entire agreement of the parties to this Agreement regarding the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter.

3.5 Amendment and Modification. No amendment to this Agreement is effective unless it is in writing and signed by each party to this Agreement.

#### 3.6 Waiver.

(a) No waiver under this Agreement is effective unless it is in writing and signed by the party to this Agreement waiving its right.

(b) Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated, and does not operate as a waiver on any future occasion.

(c) None of the following is a waiver or estoppel of any right, remedy, power, privilege, or condition arising from this Agreement:

(i) any failure or delay in exercising any right, remedy, power, or privilege or in enforcing any condition under this Agreement; or

(ii) any act, omission, or course of dealing between the parties.

3.7 Cumulative Remedies. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the parties or otherwise.

3.8 No Third-Party Beneficiaries. This Agreement benefits solely the parties to this Agreement and their respective successors and assigns and nothing in this Agreement, express or implied, confers on any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

3.9 Choice of Law. This Agreement and exhibits and schedules attached hereto, and all matters arising out of or relating to this Agreement, are governed by, and construed in accordance with, the laws of the State of Texas, United States of America, without regard to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Texas.

3.10 Choice of Forum. Each party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other party in any way arising from or relating to this Agreement, and exhibits and schedules attached hereto, and all contemplated transactions, including, but not limited to, contract, equity, tort, fraud, and statutory claims, in any forum other than the United States District Court for the Northern District of Texas or, if such court does not have subject matter jurisdiction, the courts of the State of Texas sitting in Dallas County, and any appellate court from any thereof. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees to bring any such action, litigation, or proceeding only in United States District Court for the Northern District of Texas or, if such court does not have subject matter jurisdiction, the courts of the State of Texas sitting in Dallas County. Each party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

3.11 WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT, INCLUDING EXHIBITS AND SCHEDULES ATTACHED TO THIS AGREEMENT, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY ABOUT ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ANY EXHIBITS OR SCHEDULES ATTACHED TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

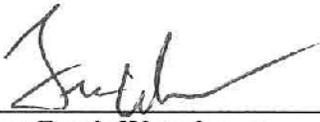
3.12 Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together is deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

HIGHLAND CAPITAL MANAGEMENT,  
L.P.

By: Strand Advisors, Inc., its General  
Partner

By:   
Name: Frank Waterhouse  
Title: Treasurer

HIGHLAND CAPITAL MANAGEMENT  
SERVICES, INC.

By:   
Name: James Dondero  
Title: President

**SCHEDULE 1**

**ASSIGNED CONTRACTS**

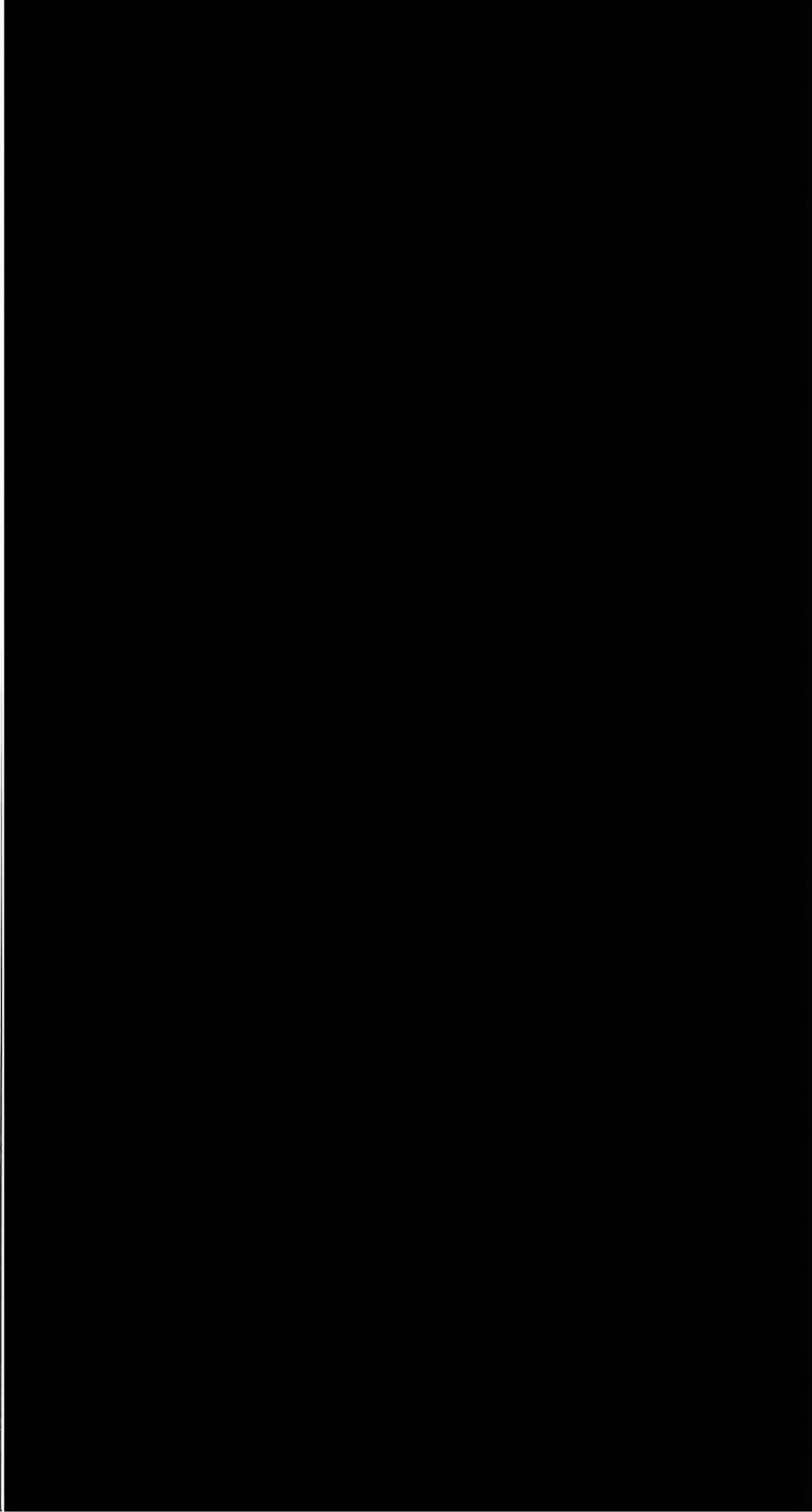
**Contract Description**

Purchase and Sale Agreement, dated as of September 30, 2019, by and among: (1) California Public Employees' Retirement System, a California public pension plan; (2) Highland Capital Management, L.P., a Delaware limited partnership; (3) Highland Restoration Capital Partners GP, LLC, a Delaware limited liability company, in its capacity as the general partner of the Highland Restoration Capital Partners, L.P., a Delaware limited partnership (the "Partnership"); and (4) the Partnership.

**SCHEDULE 1**

**ASSIGNED CONTRACTS**

Contract Description

A large black rectangular redaction covers the entire table content, obscuring all data and text within the table's body.