

Message

From: Sam Fairchild [sfairchild@hicksholdings.com]
Sent: 3/16/2016 5:15:28 PM
To: Farley Dakan [/O=MACKPAZZ/OU=First administrative group/cn=Recipients/cn=fdakan]
CC: Kevin McGlaun [kmcglaun@hicksholdings.com]; Lori McCutcheon [lmccutcheon@hicksholdings.com]
Subject: 2016/17 Operating Budget
Attachments: UDF IV Loan Acquisition Budget 3.15.16.xlsx

Dary asked us to do a little more detailed budget for the proposed UDF portfolio operations. I have started the process by building the attached template which we can flesh in the next week. Please understand that it was prepared from your budget and discussions Lori and I had with you last week. I am sending it to the entire group simultaneously, as it has not been reviewed by anyone but me.

Obviously, the biggest component will be personnel cost. I prepared a separate spreadsheet which calculates personnel costs based on statutory rates/limits and Hicks' historical costs. You will notice that the sheet is interactive, and allows one to vary starting date, salary, bonus, etc. for each employee. Based on our conversation last week, I have limited 2016 personnel to you, an analyst and Parker. I wasn't sure of Parker's arrival, but figured you could make that determination. In 2017, I added an accountant. All other positions would not be filled unless we expanded the book of business.

I also assumed we would house this operation in our space and allocate rent and other shared costs to you.

I added an insurance component and allocated accounting services until 1/1/17. Most of the other costs came from your budget.

I have not added an allocation for Kevin and I yet, or your incentives, as these will need to be fleshed out.

This budget is for operating the portfolio, and does not include funds necessary to purchase the bank loans, or any ramifications of an investor distribution waterfall and the promote structure. I also assume this operation would be conducted in a separate entity, with a management/advisory fee being charged to the entity actually owning the portfolio.

Please review and let's schedule a call/meeting to discuss.

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