

DRAFT

**MUCHNICK, GOLIEB & GOLIEB, P.C.**

**MEMORANDUM**

**TO:** Stephen P. Hanson  
**RE:** BRG's Obligations to SCG and what it would be if you had stuck to the initial deal  
**FROM:** Howard W. Muchnick  
**DATE:** May 20, 2013

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The original deal:

Purchase price 9 x EBITDA. EBITDA was projected to be, with DC3, \$20 million. At closing, without DC3, EBITDA was \$16,345,900. DC3's EBITDA at closing was \$2,748,805, for a total of \$19,094,705. Under this scenario, the original deal provided that:

|   |            |
|---|------------|
| SCG would contribute cash of                | 57,284,115 |
| Your capital account would be credited with | 57,284,115 |
| BRG would borrow                            | 57,284,115 |

At the initial closing, these numbers, should have been:

|              |            |
|--------------|------------|
| SCG cash     | 49,037,700 |
| Your capital | 49,037,700 |
| BRG Loan     | 49,307,700 |

SCG asked and you agreed, that at the initial closing, BRG borrow \$60 million, reducing its cash and your capital by \$10,962,300, to \$38,075,400.

HWM

HWM/mw

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