To: Jeffrey Epstein[jeevacation@gmail.com]
Cc: Eileen Alexanderson[[redacted]
From: Richard Joslin
Sent: Thur 11/21/2013 8:26:34 PM
Subject: AMH refi

Patrick Fenn will circulate next week a short diagram summarizing issues for refi and the addition of the guarantee. Adding guarantee at the time of refi is preferred as ostensibly there is consideration given by lender, He mentioned a Dec 9 date for the refi.

I am a bit unclear on the needed changes to the TRA language - I think I understand the need to change as follows. I think the TRA language contemplates basis step up based on a sale of units. If there is a deemed exchange by founder for APO unit and immediate sale without guarantee, then the basis step up inside of APO Inc is larger than if there was a a deemed exchange by founder for APO unit and immediate sale with guarantee, Also the manner in how the basis step up inside APO would be allocated would be different when the guarantee is released. Guarantee release treated as a distribution (Sec 734 governs basis step upj) ; in sale of interest without guarantee, I understand the AMH debt to be treated as sales proceeds (Sec 743 govenrs basis step up). This affects the TRA calculation as it affects how mcuh APO gets to depreciate/amortize. Again, not entirely clear - I'd like to go over thsi with Patrick once he sends out.

I think we shoudl get tax basis of AMH and see how much the negative basis is without the debt. Based on looking at the BRH K-1 for 2012, I suspect the unrealized Tufts gain may be sizably less than the face of the AMH debt.

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