

**TVPX 1031 EXCHANGE CO.
2352 Main Street, Suite 201
Concord, MA 01742
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Via Email

November 22, 2016

Gray Television Group, Inc.
c/o Maureen Nagle
Cooley LLP
1299 Pennsylvania Avenue, NW • Suite 700
Washington, DC 20004-2400

RE: PROPOSAL FOR EXCHANGE ACCOMMODATION TITLEHOLDER SERVICES

Dear Maureen,

Thank you for considering TVPX 1031 Exchange Co. (“TVPX”) for your client’s reverse 1031 exchange needs. I understand the following facts with respect to the proposed like-kind exchange transactions for Gray Television Group, Inc. (“Gray”):

THE RELINQUISHED PROPERTY

- Gray is in the process of selling the FCC licenses associated with certain television stations which be identified in accordance with Section 4.02(4) of Revenue Procedure 2000-37 and consistent with the principles described in Treasury Regulation Section 1.1031(k)-1(c) (the “**Relinquished Properties**”);
- Gray has owned the Relinquished Properties for several years;
- The Relinquished Properties have a low tax basis; and,
- Gray has not yet located suitable buyers for the Relinquished Properties.

THE REPLACEMENT PROPERTY

- Gray anticipates replacing the Relinquished Properties with the FCC licenses associated with television stations located in Green Bay, Wisconsin, Davenport, Iowa and possibly with television stations in in Fairbanks, Alaska and Clarksburg, West Virginia (the “**Replacement Properties**”); and,
- Gray has identified suitable Replacement Properties and closing is expected to occur in the near future.

THE OBJECTIVE

- Gray would like to defer the taxable gain on the sale of the Relinquished Properties under IRC Section 1031 of the Internal Revenue Code;

- Gray will likely need to acquire the Replacement Properties before they sell the Relinquished Properties to one or more third party buyer(s). Gray would like REVAC, Inc. (the Exchange Accommodation Titleholder (“EAT”)) to use one or more of its newly formed subsidiary limited liability company entities (“LLC”) to purchase each of their Replacement Properties and to structure each of the transactions as a “reverse” exchange under Revenue Procedure 2000-37, with Time Value Property Exchange, Inc. serving in the capacity of qualified intermediary; and,
- Under Revenue Procedure 2000-37, the EAT, LLCs and the taxpayers may enter into various agreements. If required, the EAT and/or LLCs will enter into one or more of these permissible agreements in order to meet Gray’s exchange and regulatory requirements (i.e. agreements for the operation of the stations, Promissory Notes, Security Agreements, etc.).
- The television stations comprising the Replacement Properties are licensed by the Federal Communications Commission (the “FCC”). Because the LLCs will take title to the FCC licenses associated with the television stations, and it will thus be a licensee subject to the rules and regulations of the FCC, it will be necessary for the LLCs to satisfy the requirements for holding an FCC license. TVPX is prepared to represent and warrant to Gray that it satisfies those requirements.

TVPX will work with Gray to prepare all of the required documents for the reverse exchanges including:

- The Qualified Exchange Accommodation Agreements (QEAA)
- Exchange Contracts (assuming that Time Value Property Exchange, Inc. is the qualified intermediary)
- Security Agreement(s) on personal property to perfect the lender’s security interests in the Replacement Properties
- Promissory Note(s)
- Agreements relating to the operation of the Replacement Properties
- Assignment Agreements

TVPX also will work with Gray to prepare other appropriate documentation that may be required for the transactions (*i.e.* Bills of Sale, Sale for Resale Certificates, etc.). TVPX will also file for the appropriate State Certificates of Authority and Sales Tax Permits (if necessary) for the LLCs used to purchase the Replacement Properties. The LLCs will be Delaware LLCs used solely for this transaction. If requested by Gray, the LLCs will appoint an individual to serve as an independent manager of the LLCs. TVPX will cooperate with Gray to complete the closing of the LLCs’ purchase of the Replacement Properties, including cooperating in obtaining FCC and other third party consents.

Fees for completing the above transactions, as Gray’s Exchange Accommodation Titleholder and Qualified Intermediary (if required), would be as follows:

- Engagement Fee: \$5,000.00 due upon acceptance of this proposal;
- EAT Fee: \$40,000.00 (in addition to the engagement fee) for the reverse exchange(s) involving the television stations in Green Bay, Wisconsin and Davenport, Iowa, parked in one or more LLCs; provided, however, that if EAT performs the work required by it to file the applications with the FCC relating to the acquisition of the FCC licenses for the Green Bay and Davenport stations as currently requested by Gray's counsel, but Gray decides not to initiate the reverse exchange, Gray agrees to pay EAT a fee of \$10,000 (in addition to the Engagement Fee) and EAT agrees to credit \$7,500 of such amount toward one or more future exchanges in which Gray retains EAT's services. If Gray initiates the reverse exchanges for Green Bay and Davenport and decides to also proceed with the reverse exchanges involving the stations in Fairbanks, Alaska (the "Fairbanks transaction") and/or Clarksburg, West Virginia (the "Clarksburg transaction") prior to December 10, 2016, Gray will pay EAT an additional fee of \$10,000 for each of the Fairbank transaction and the Clarksburg transaction, in each case, that is the subject of an exchange.
- Miscellaneous: Gray will be required to reimburse TVPX for all miscellaneous transaction related expenses (i.e. any title and escrow fees, formation, qualification and dissolution, franchise or other taxes, filing fees, overnight courier, outside vendors, etc.).

Except as provided above, fees and expenses are due and payable even if one or both of the exchanges falls through or is not completed (unless the exchange is not completed due to the failure of TVPX to perform its obligations). If a transaction is restructured by Gray, TVPX will prepare the appropriate documents for an additional agreed to charge.

TVPX makes no representations or warranties regarding any federal or state tax matters. Gray must rely on their own tax counsel with respect to all tax issues arising from this transaction.

If this proposal is acceptable and meets your requirements, please sign below and submit an executed copy to TVPX with the Engagement Fee. If you have any questions, please feel free to contact me.

Sincerely,

Jeffrey S. Towers

Jeffrey S. Towers
Vice President

EXCHANGE SERVICES ACCEPTED BY:

GRAY TELEVISION GROUP, INC.

By:  11/22/16
Signature Date

Disclaimer: It is imperative that the taxpayer executes and delivers to TVPX all required exchange documentation, in addition to this proposal, prior to acquiring Replacement Properties or disposing of Relinquished Properties. If the taxpayer engages TVPX to provide tax deferred exchange services, it shall be solely responsible for the tax consequences of any failure to provide TVPX with reasonable advance notice of a sale or purchase of any property involved in the exchange.