

## **MEDIATED TERM SHEET**

This Settlement Agreement (the "Agreement") is entered into as of October 24, 2013 between Robert Behar, Estrella Behar, Leibowitz Family Broadcasting, LLC, Morris Bailey, Salomon Kassin, Saby Behar Revocable Trust Dated February 15, 1999, As Amended, Lermont Trading, Ltd., Jays Four, LLC, Benjamin J. Jesselson 12/18/80 Trust, Jesselson Grandchildren 12/18/80 Trust, Joseph Kavana, Sawicki Family Limited Partnership, Shpilberg Management Associates, LLC, Pedro Dupouy, Latin Capital Ventures, LLC, Pan Atlantic Bank & Trust LTD, Sumit Enterprises LLC, Jose Rodriguez and Leon Perez (collectively the "Noteholders"), GH Broadcasting, Inc. ("GH"), High Maintenance Broadcasting, LLC ("High Maintenance" and, together with GH, the "Debtors"), Fred Hoffmann, Lauryn Hoffmann, Don Gillis, and Deidre Gillis (collectively the "Guarantors") and Herve Gentile and Vanisha Mallory (the Noteholders, Debtors, Guarantors, and Herve Gentile and Vanisha Mallory shall collectively be referred to as the "Parties"). The Parties Agree as follows:

### **RECITALS**

1. The Debtors are indebted to the Noteholders in the principal amount of \$6.3 million, plus interest, under the terms of executed nineteen (19) promissory notes dated as of September 1, 2008 (the "Amended Senior Notes").
2. The Guarantors guaranteed the payment of the Amended Senior Notes under the terms of two "Guaranty" agreements dated February 15, 2008 (the "Guaranty Agreements").
3. The Debtors are debtors-in-possession in the Chapter 11 bankruptcy proceeding styled In re High Maintenance Broadcasting, LLC, Case No. 2:13-bk-20270, in the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (the "Bankruptcy Case").
4. The Guarantors are defendants in the litigation styled *Stone v. Hoffmann, et al.*, Case No. 12-31142-CA in the Circuit Court of the Judicial Circuit in and for Miami-Dade County, Florida (the "Guaranty Litigation"), which has been recently removed to federal court. In addition, the Noteholders and BELA Broadcasting LLC are defendants in the litigation styled High Maintenance Broadcasting, LLC v. Corpus LLC, et al., Case No. 2012 DVC-1319 H in the District Court of Nueces County, Texas (the "Corpus Litigation"). The Guaranty Litigation and the Corpus Litigation are hereinafter referred to as the "Litigation."
5. The Parties collectively desire to resolve all of the disputes amongst themselves, including all disputes regarding the Amended Senior Notes, the Guaranty Agreements, the Bankruptcy Case, and the Guaranty Litigation, under the terms set forth in this Agreement.

### **TERMS & CONDITIONS**

6. Each individual executing this Agreement on behalf of another party represents and warrants he/she has authority on behalf of that party to enter into this Agreement and to bind that party as previously represented to the other Parties.

7. Any dispute over the terms and performance of this Agreement shall be mediated by Judith W. Ross (the "Mediator"). In the event the Parties cannot resolve the dispute by agreement at mediation, the dispute shall be adjudicated by the Corpus Christi Bankruptcy Court presiding over the Debtors' cases.

8. All Parties shall bear their own costs and attorneys' fees.

9. The Parties shall cooperate to execute such additional documents as may be necessary to effectuate the terms of this Agreement. The parties will work together to determine what court filings, if any, are necessary in order to start the FCC License transfer process and will make such required filings as soon as practicable. Parties will work in an effort to file a plan and disclosure statement within three weeks.

10. The Parties acknowledge that this settlement is not an admission of liability, but is made to resolve a disputed matter and to end the cost and time of continued disputes.

11. All parties have been advised to have this Agreement independently reviewed by their counsel before executing this Agreement. Although the Mediator may have facilitated the parties reaching this Agreement and her staff may have facilitated the preparation of this Agreement as a courtesy to the parties and their counsel, the parties and their counsel have thoroughly and independently reviewed this Agreement and have, where necessary, modified it to conform to their agreements and understandings. All signatories to this Agreement hereby release the Mediator from any and all liability arising in connection with the drafting of this Agreement. Without limiting the foregoing, all parties and their counsel agree and acknowledge that the Mediator has not provided legal advice to any party and has not acted as counsel for any party. As used in this paragraph, the term Mediator includes Judith W. Ross, and the Law Offices of JudithRoss PC, and all partners, associates, and employees thereof.

12. The parties will take reasonable and necessary action to commence the approval of the transfer of the ownership of the FCC license to the appropriate parties.

13. The parties executing this Agreement will support a plan of reorganization proposed by the debtors-in-possession so long as the plan provides as follows:

a. Upon the effective date of a confirmed plan of reorganization, the Noteholders will own 100% of the stock of the Reorganized Debtor.

b. Holders of allowed unsecured claims (including the Noteholders) (hereinafter the "Unsecured Creditors") will be paid 6% interest on a quarterly basis until a sale of the Reorganized Debtors occurs. This payment does not apply to Fox or its affiliates. Fox and its affiliates will be paid in full in January of 2014.

c. Robert Behar will be appointed as agent for the Noteholders and can take action on behalf of the Noteholders with respect to payment of the Note, including without limitation, taking action to defer the interest payments. He will be indemnified in the Plan by the Noteholders and the reorganized Debtors. ~~In the event that interest payments are deferred and unpaid as of the date of sale, then the parties agree the deferred interest~~

Handwritten initials and signature.

payments will be paid first from the sales proceeds and the distributions contemplated in paragraph 11(d) herein.

d. At some point, the reorganized Debtors, in their business judgment, will make the decision to market and sell the Reorganized Debtors. The plan will provide that in the event of a sale of the Reorganized Debtors, the following waterfall will apply:

1) If net proceeds (defined throughout this document as gross proceeds from the sale less attorney and broker costs and traditional purchase price adjustments, if any, associated with closing the transaction) from the sale are \$7.5 million or less, all proceeds from the sale will be paid to Unsecured Creditors pro rata and Old Equity (defined as any party holding an ownership interest in either of the debtors-in-possession pre-petition) will receive nothing from the sale proceeds.

2) If net proceeds from the sale are between \$7.5 million and \$10 million, Unsecured Creditors will be paid 7.5 million, plus 75% of all proceeds in excess of \$7.5 million on a pro rata basis and Old Equity will receive 25% of only the proceeds in excess of \$7.5 million.

3) If net proceeds from the sale are greater than \$10 million, Unsecured Creditors will be paid \$7.5 million, plus 75% of all proceeds in excess of \$7.5 million up to \$10 million on a pro rata basis, plus 80% of all proceeds in excess of \$10 million on a pro rata basis and Old Equity will receive 20% of only the proceeds in excess of \$10 million.

e. If the Noteholders have not been advised of any material post-petition expenses arising as part of the confirmation process, any such unexpected post-petition expenses will be paid for from Old Equity's recoveries under the Plan

f. The Noteholders shall fund to the Debtors \$250,000 in exit financing that will be treated as part of the Noteholders' prepetition debt claim. Corpus 18 LLC, an entity owned by the Noteholders, shall also contribute \$250,000 to the Debtors as capital necessary to emerge from Chapter 11. In return, Corpus 18 LLC shall be issued the equity in the Reorganized Debtors.

g. The Parties agree that if the bankruptcy court presiding over the Bankruptcy Case concludes the above referenced plan cannot be confirmed, the parties will act in good faith to modify the plan so that it can be confirmed and to preserve the economics of this deal.

14. The Litigation will be settled on the following terms (after filing appropriate motions with the courts seeking such dismissal):

*MS*  
*HA*  
*including unpaid deferred interest payments*

a. The Noteholders and the Guarantors will execute mutual releases releasing one another of any and all liability associated with the existing lawsuit except any obligations under this Agreement.

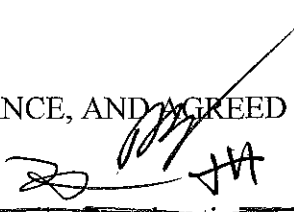
b. However, a Guarantor that takes any action or encourage any other person, institution or individual to oppose the Noteholders in their efforts to confirm the plan of reorganization described herein, (other than to enforce the terms of this Agreement) or otherwise takes action against the Noteholders, such as by suing them, the release granted to the Guarantors by the Noteholders will be void.

c. Further, the Guarantors will stipulate to a judgment by the Noteholders for the full amount of the debt owed to the Noteholders. This judgment will be held by an escrow agent who will file it of record in the event the Guarantors fail to honor the promises set forth in paragraph 13(b) above, but it will be destroyed by the Escrow Agent upon entry of the order confirming the plan of reorganization .

15. Debtors will provide financial information to Robert Behar (for the Noteholders) that is reasonably requested and will update him on all material events impacting the debtor prior to confirmation.

16. Tom Hurley, as CRO of the Debtors will make all business decisions on behalf of the debtors through confirmation. His term of employment or his authority will not be changed during this period.

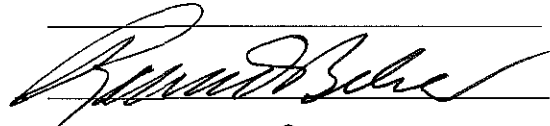
APPROVED AS TO FORM AND SUBSTANCE, AND AGREED TO, BY:

  
Robert Behar, Estrella Behar, ~~Gilbert Family Broadcasting, LLC~~, Morris Bailey, Salomon Kassir, Saby Behar Revocable Trust Dated February 15, 1999, As Amended, Lermont Trading, Ltd., Jays Four, LLC, Benjamin J. Jesselson 12/18/80 Trust, Jesselson Grandchildren 12/18/80 Trust, Joseph Kavana, Sawicki Family Limited Partnership, Shpilberg Management Associates, LLC, Pedro Dupouy, Latin Capital Ventures, LLC, Pan Atlantic Bank & Trust LTD, Sumit Enterprises LLC, Jose Rodriguez and Leon Perez

By:

Signature:

Printed Name:

  
Robert Behar

APPROVED AS TO FORM AND SUBSTANCE, AND AGREED TO, BY:

GH Broadcasting, Inc.

By: CRO

Signature: [Signature]

Printed Name: Thomas L. Hurley

High Maintenance Broadcasting, Inc.

By: CRO

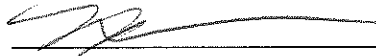
Signature: [Signature]

Printed Name: Thomas L. Hurley

APPROVED AS TO FORM AND SUBSTANCE, AND AGREED TO, BY:

Don Gillis

By: FRED HOFFMANN

Signature: 

Printed Name: FRED HOFFMANN

Diedre Gillis

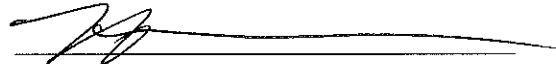
By: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Fred Hoffmann

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

Signature: 

Printed Name: FRED HOFFMANN

Lauryn Hoffmann

By: FRED HOFFMANN

Signature: 

Printed Name: FRED HOFFMANN

APPROVED AS TO FORM AND SUBSTANCE, AND AGREED TO, BY:

Herve Gentile

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

Vanisha Mallory

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

Leibowitz Family Broadcasting, LLC

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