



From: Thomas Cassidy tcassidy09@gmail.com
Subject: Re: Gondolier Properties - Interest Rate Swap
Date: November 20, 2023 at 1:55 PM
To: Brandon Johnson BBJOHNSON@firsthorizon.com
Cc: Matochik, Brian Brian.Matochik@fhnfinancial.com, COFFEY, JOHN J. john.coffey@firsthorizon.com, John Cassidy jrcnsgy@aol.com, SIMMERING, BRYAN T. BSIMMERING@firsthorizon.com, BLACKWELL, PAM L. PBLACKWELL@firsthorizon.com

We are looking at various options for deploying the substantial amount of cash sitting at GPLLC. One option we're looking at is partially prepaying the loan. We therefore need to understand the implications of a loan prepayment for the swap transaction.

I will request once again the opportunity to communicate with a First Horizon attorney, because it is absolutely clear that a partial prepayment on the mortgage loan does not trigger a termination of the swap or any kind of adjustment to the notional principal amount. The ONLY pertinent provision in the swap documents is the definition of "Early Termination Event" in Part 1(g) of the schedule, and that provision is clearly limited to events that would completely eliminate GPLLC's obligation on the mortgage loan or impair or release the security therefor. The partial prepayment would not eliminate GPLLC's obligations on the loan, nor would it impair or release in any way the collateral pledged to secure the mortgage loan and swap. Indeed, the partial prepayment INCREASES the collateral coverage ratio.

There is a fundamental conflict in our respective readings of the swap contracts. I'd like to resolve this. The ONLY support for First Horizon's reading is the reference to "repaid, in whole or in part" in the definition of Early Termination Event (i.e., Part 1(g)(i)). However, First Horizon's reading would deem every monthly payment GPLLC makes on the mortgage loan to be an Early Termination Event, rendering the swap transaction terminable at will by First Horizon, which is an untenable position for FH to hold. The phrase "repaid, in whole or in part" must be read in conjunction with the concluding clause of 1(g)(i), which reads "or *for any other reason* is not an obligation of Party B." A partial prepayment by GPLLC of the mortgage loan will not in any way render the mortgage loan "not an obligation of Party B."