



February 16, 2017

Highly Confidential

VIA PDF EMAIL

Mr. Joseph Boccella Sr.
Mr. Anthony Boccella
Mr. Joseph Boccella Jr.
c/o Daniel. R. Everingham
Everingham & Kerr, Inc.
1300 Route 73, Suite 103
Mt. Laurel, NJ 08054

Dan:

This letter sets forth the terms and conditions ("**Letter of Intent**") pursuant to which Ashland Capital Partners and its co-investors (together, "**Ashland**" or "**Buyer**"), through the creation of a new entity ("**NewCo**"), propose to acquire (the "**Acquisition**") 100% of the assets and business operations of Boccella Precast, LLC (the "**Company**" or "**Boccella**") and the real estate on which such businesses are conducted (the "**Real Estate**"), which is owned by Joseph Boccella Sr., in exchange for total consideration of \$28.0 million (the "**Purchase Price**"). The Purchase Price will consist of approximately \$25.5 million (the "**Cash Consideration**") and 25% of the fully-diluted equity of Newco (the "**Rolled Equity Investment**") (collectively, the "**Transaction**").

Our investment philosophy and track record is based upon the principle of creating effective partnerships with exceptional operating managers in order to build substantial and profitable businesses. We are financial investors and any potential investment or acquisition would be based on our assessment of not only the business, industry and markets of the Company, but also the current management team of Boccella. In addition to leading the acquisition, our ongoing role is to assist in the growth and development of the business using our network of contacts, deal flow and years of business experience; it is not the running of the day-to-day operations of the Company. We also believe it is imperative to properly capitalize companies and as such we endeavor to create a capital structure with sufficient amounts of equity and proper levels of debt to yield a balance sheet that provides the Company with both financial strength and strategic flexibility. Through this structure we believe that we can create meaningful value for all stakeholders. With a current portfolio of 11 companies, Ashland has a verifiable track record of completing acquisitions of companies such as Boccella.

In formulating this outline of terms and conditions, we have relied on the financial information, operating information, and descriptions of assets and operations provided by Everingham & Kerr, Inc. and the Company, and have assumed that this information is accurate in all material respects. We would expect to complete our due diligence and formalize the legal documentation necessary to consummate the transactions contemplated herein (the "**Closing**" or the "**Closing Date**") within sixty (60) days after the execution of this Letter of Intent.

The key terms and conditions of our proposal are as follows:

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| 1. Transaction Structure | In a transaction that is taxed in a manner mutually beneficial to all parties, the Company will contribute to Newco, substantially all of the assets, the Real Estate, intellectual property and business operations of the Company (the " Business ") and make the Rolled Equity Investment, in exchange for (i) the issuance of common equity interests in Newco, which common |
|--------------------------|---|

equity interests are pari passu with all other equity or cash investment by Ashland or 3rd parties, representing the Rolled Equity Investment and (ii) the Cash Consideration. Ashland, as part of the same transaction, will contribute cash to Newco and will cause Newco to generate additional cash through loans from lenders. Though we anticipate the Cash Consideration to be approximately \$25.5 million, please note that this amount may change depending on the value of the Rolled Equity Investment and the amount of loans from lenders.

(a) Contribution/Purchase Agreements. A definitive Contribution/Purchase Agreement (collectively, the "CPA") will be executed by the parties, on terms satisfactory in form and substance to the Company and the Buyer.

(b) Contributed Assets and Assumed Liabilities. Newco will accept all of the Company's assets free and clear of all liens, claims, and encumbrances, except for those related to the assumed liabilities. Newco will also assume all specifically identified ordinary course liabilities of the Company, but will specifically exclude all interest-bearing debt, capital lease obligations, if any, accrued interest, and accrued taxes at the time of Closing. Except for such assumed liabilities, Buyer will not assume, and Seller shall remain fully and solely responsible for, all of the liabilities of the Business, including without limitation taxes, product warranty claims for products sold pre-closing, any judgments, suits or proceedings related to the Business arising from events prior to the closing, including any environmental matters ("*Excluded Liabilities*").

Ashland shall propose an allocation of the Purchase Price among the purchased assets and assumed liabilities, which if mutually agreeable by all parties, shall be binding upon the parties for income tax reporting purposes. The values assigned to the purchased assets and the assumed liabilities shall be predicated on their fair market values, as determined by a third party appraisal.

2. Purchase Price The purchase price, on a debt free, cash free (except any customer deposits) basis is \$28.0 million and consists of Cash Consideration in an amount equal to approximately \$25.5 million. The Cash Consideration shall be paid to Seller, concurrently with the Closing, in immediately available funds, less \$1.5 million deposited into an escrow account as described in Section 4 below. This price is based on the assumption that the Company has at least \$5.0 million of adjusted EBITDAR in the LTM period and the Real Estate is valued at approximately \$7.5 million. The Purchase Price also assumes that the Seller will file all tax filings and pay all income taxes associated with the Transaction. Personal and real property taxes will be customarily allocated between Buyer and Seller.
3. Working Capital The Purchase Price will be based on the latest available balance sheet ("*Latest Balance Sheet*") presented to the Buyer. For simplicity purposes, there will be no working capital adjustment. In the interim period, the Seller will not distribute cash in excess of book net income accrued after the Latest Balance Sheet and will operate the Business in the ordinary course, including the payment of accounts payable and accrued expenses

and the collection of accounts receivable on a basis consistent with past practice. The Buyer will perform ordinary course due diligence to assure there is an appropriate level of working capital being delivered at Closing. For the sake of clarity, the cash on the month ended of the Latest Balance Sheet plus the net income accrued after the Latest Balance Sheet less any distributions to the shareholder after the Latest Balance Sheet will be distributed to the Seller at the Closing. The Latest Balance Sheet date will be subject to diligence and agreed upon in the Contribution Agreement(s).

4. Indemnification Escrow Account
An interest bearing escrow account will be established at a major institutional bank mutually agreed by the parties and funded by the Buyer at Closing. The indemnification escrow (the “*Indemnification Escrow*”) account, in the amount of \$1.5 million, will be applied to any indemnification claims and other post-closing adjustments. The fees of the escrow agent will be shared equally between the Buyer and Seller. At the conclusion of a twelve (12) month period, subject to the completion of the FY2017 audit, any Indemnification Escrow funds remaining shall be paid over to Seller as part of the Purchase Price. Under no circumstance will the Indemnification Escrow be paid to the Seller prior to the completion of FY2017 audit.
5. Financing
Ashland believes in implementing a conservative capital structure that provides the business with sufficient resources to execute its strategic plan as well as provide some flexibility in the event of any unforeseen challenges. Ashland has worked diligently with a couple lenders to secure debt financing for the transaction and the ongoing operations. Specifically, we are in the process of obtaining financing proposals for the necessary debt, subject to further due diligence, from Main Street Capital Corp. (NYSE: MAIN) (together with the equity provided by Ashland and Jim Armbruster), to fund the entire transaction.

We have outlined our proposed capital structure below:

Sources and Uses			
<u>Sources</u>	<u>Initial Balance</u>	<u>Uses</u>	<u>Dollar Amount</u>
Unitranche Financing	\$ 19,500	Cash Consideration	\$ 25,500
		Transaction Fees	1,250
Equity	9,750	Rolled Equity	2,500
Total Sources	\$ 29,250	Total Uses	\$ 29,250

6. Rolled Equity Investment
We expect that both Antony and Joseph Boccella Jr will participate in the Rolled Equity Investment. While we understand that it is a family matter, our proposal is contingent on each brother achieving a minimum 7.5% ownership position post close. We look forward to assisting the family in exploring alternative structures to achieve that goal.
7. Employment Agreement
At Closing, each member of management (if appropriate) will sign agreements for a minimum term of five (5) years. For Anthony and Joseph Jr, these employment agreements will stipulate salary of \$185,000 per annum and will not include a car allowance. The employment agreements will include customary non-compete and non-solicitation agreements. We

expect all non-management employees to be retained at the same wages/salary.

In addition to the cash salary contemplated above, Ashland will implement a new cash bonus program in which Anthony and Joseph Jr will participate equally. For the first year following closing, they will each receive 5% (for a total 10%) of the EBITDAR growth in the forward trailing twelve month period above the diligence adjusted EBITDAR figure at closing. Each successive period, a new benchmark EBITDAR level will be established by the Board, and will only be established upward.

8. Non-Compete and Non-Solicitation

If not already in place, the Company would negotiate and execute non-compete, non-disclose and non-solicitation agreements with Joseph Sr., Anthony, and Joseph Jr. These agreements will be binding for a period ending no less than 5 years from the time they, collectively or individually, are no longer involved with the Company.
9. Indemnities

The representations and warranties set forth in the Contribution Agreement(s) will survive the Closing Date until 12 months from the Closing Date (the "*Indemnification Period*"), except in the case of (i) title, certain corporate authority representations and fraud (the "*Fundamental Representations*"), which shall survive indefinitely and be capped at the purchase price amount, (ii) tax representations, which shall survive for the period ending 60 days after the expiration of the statute of limitations and be capped at the purchase price amount, and (iii) environmental representations, which shall survive for the period as limited by statute, but in any event not more than five (5) years and shall be subject to the Indemnity Deductible (defined below) and capped at the purchase price amount. Each of Newco and Seller will agree to indemnify and hold the other harmless against losses and expenses (including reasonable attorneys' fees) resulting from any breach of any of their respective representations, warranties, covenants and agreements contained in the Contribution Agreement(s), subject to the following limitations:

 - a. Indemnity Deductible: \$140,000 (0.5% of the Purchase Price) for breaches of representations and warranties (other than Fundamental representations, tax warranties, fraud or intentional misrepresentation, retained liabilities and non-compliance prior to the Closing Date with any law applicable to the Business.)
 - b. Indemnity Cap: \$2,000,000 (7.1% of the Purchase Price) for breaches of representations and warranties (other than Fundamental Representations, tax warranties, fraud or intentional misrepresentation, retained liabilities and non-compliance prior to the Closing Date with any law applicable to the Business.)
10. Conditions to Closing

Completion of the Transaction contemplated herein will be subject to several conditions, including, but not limited to, the following conditions:

 - a. Completion by Ashland of its due diligence investigation, including satisfactory accounting, operational, environmental, industry,

insurance and legal reviews of Seller and its assets, liabilities, business operations and Real Estate;

- b. Negotiation and execution of mutually satisfactory Contribution Agreement(s) related to the Transaction, containing representations, warranties, covenants, indemnities and other terms and conditions customary for similar transactions and specifically including, but not limited to, the following:
 - i. That the Company's historical financial statements for the years ended in the period from 2014 through Closing have been prepared consistently and in accordance with generally accepted accounting principles ("GAAP"), subject to explained and documented differences from GAAP, and fairly present, in all material respects, the financial condition and results of operations of the Company as of the respective date and for each respective period;
 - ii. That the Company has no material undisclosed liabilities;
 - iii. That since December 31, 2015, the Company conducted business only in the ordinary course;
 - iv. That since December 31, 2015, the Company and its affiliates have not paid any bonus, distribution or extraordinary compensation to any of the Company's officers or owners, except as otherwise disclosed to Buyer;
- c. The absence of any material adverse change between December 31, 2015 and the Closing, in the assets, business or financial or operating condition of the Company;
- d. Negotiation and execution of any required amendments to corporate governance documents for the Company in form and substance satisfactory to the Company and Buyer.
- e. Successful procurement of necessary debt financing as outlined in Section 5.

11. Environmental

As a part of the due diligence review of the Company, the Buyer will, within 15 days of the execution of this letter, engage an environmental auditor to conduct a Phase 1 environmental assessment and issue a report based on their findings that runs to the Buyer and NewCo as beneficiaries. The costs and expenses of such review and assessments shall be borne by the Buyer, except as provided in Section 15. If any significant environmental issues associated with the Company's property or operations are found in the Phase 1 environmental assessment in the course of the due diligence time period, the Buyer reserves the right to have a Phase II environmental assessment done (the cost and expenses of which shall, except as hereafter provided, be negotiated between the Buyer and the Seller) and/or to withdraw or renegotiate the terms of this letter to acquire the Company.
12. Additional Due Diligence

Ashland contemplates finalizing due diligence as soon as practical, based upon the availability of the information necessary from Seller to complete the due diligence, upon execution of this Letter of Intent.
13. Timing and Milestones

The timing and milestones below assume a signing of this Letter of Intent on or before February 24, 2017:

- a. Commence accounting, environmental, financial, industry, insurance, and operational due diligence: February 28, 2017
 - b. Commence legal due diligence: March 6, 2017
 - c. Select lender: March 31, 2017
 - d. Initial draft of Contribution Agreement(s) submitted to Seller by: April 3, 2017
 - e. Lender documents preparation and negotiations: April 10, 2017 – April 17, 2017
 - f. Signing of Contribution Agreement(s): April 25, 2017
14. Access to Information

Seller will provide Ashland and its representatives reasonable access during normal business hours to the Company's management, books, records, financial statements and properties to enable Ashland to complete the due diligence investigation. All information provided to Buyer during its diligence review and such access shall be subject to the Non-Disclosure and Non-Solicitation Agreement dated October 27, 2016, by Buyer in favor of Seller.
15. Expenses

Except as set forth in this Section 15, whether or not the Transaction contemplated herein is consummated, each party will bear and pay its own fees, costs and expenses incurred in connection with its due diligence investigation and with the negotiation, preparation and execution of the Purchase Agreement.

 - a. If, prior to the Closing, the environmental assessments discussed in Section 11, uncover facts that were known to the Seller or the Company and not disclosed in writing to the Buyer prior to the date of this letter, or if the Buyer discovers any other misrepresentation or omission of material information known to the Seller or the Company, the Buyer may terminate this letter and discontinue negotiations related to the proposed Transaction and in such event, the Company would reimburse the Buyer for reasonable expenses.
 - b. If the Seller or any Company representative negotiates with or solicits offers from any potential purchaser in violation of Section 19, the Buyer would be entitled to receive reimbursement from the Company for direct, out of pocket expenses incurred by the Buyer in connection with their due diligence investigation of the Company as well as legal, accounting, environmental, travel and other fees and expenses incurred in connection with the Transaction. The Buyer will support all expenses with invoices.
16. Multiple Counterparts

This Letter of Intent may be executed in multiple counterparts, each of which will constitute an original and all of which together will constitute one and the same agreement. Facsimile and other electronically transmitted signatures shall be considered as the original.
17. Governing Law

This Letter of Intent is governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule. Each party irrevocably submits to the exclusive jurisdiction and venue of the federal and state courts located in

the New Castle County, Delaware in any legal suit, action, or proceeding arising out of or based upon this Letter of Intent.

18. Letter of Intent
Expiration

Unless extended in writing by Ashland at its sole discretion, this offer will expire at 5:00 p.m. Eastern Time on February 24, 2017 unless you execute this Letter of Intent and return it to us prior to that time, which may be by facsimile or other electronically transmitted transmission and which may be signed in one or more counterparts.

19. Exclusive
Dealings;
Agreement to
Operate in the
Ordinary Course

Upon execution of this Letter of Intent, Boccella Precast, LLC and its respective unitholders agree that neither Boccella Precast, LLC and its respective unitholders or anyone else acting on their behalf, will offer to sell all or any portion of the equity, the assets, the Business or the Real Estate to any other person or entity or solicit, negotiate or accept any agreement with any third party for the sale of all or any part of the equity, the assets, the Business or the Real Estate, until the expiration of seventy five (75) days following the date of execution of this Letter of Intent.

Effective upon execution of this Letter of Intent through the Closing, the Seller will conduct its affairs only in the ordinary course of business and shall not transfer any assets or incur any liabilities except in the ordinary course of business or materially change the terms of any agreement with a customer or supplier or materially discount any accounts receivable from customers and to continue to pay all vendors and suppliers on a timely basis and use its best efforts to preserve its business organization intact, to keep available the services of its key employees, to preserve its existing relationships with its customers, suppliers and others having business relationships with it and to maintain the goodwill enjoyed by it with such persons. In addition, Seller shall not change any compensation or rate of compensation payable to any officer or owner and will not make any distributions to its owners unless disclosed to Buyer in advance.

20. Non-binding
Agreement

This Letter of Intent is intended to provide a basis for further discussions. The parties to this Letter of Intent are bound by an expressed duty to negotiate in good faith towards an ultimate closing of the Transaction. Notwithstanding the foregoing, until Contribution Agreement(s) related to the Transaction have been prepared and duly authorized, executed and delivered by each of the parties, none of the provisions of this Letter of Intent shall be binding on the parties with the exception of the agreements and obligations contained in Sections 11 through 20, which shall be binding on the parties effective upon the execution and delivery of this Letter of Intent by the parties.

The foregoing terms and conditions are not to be discussed with third parties of Buyer or Seller without written consent except as necessary to perform due diligence.

IN ADDITION, UNDER NO CIRCUMSTANCES, CAN SELLER OR ANY OTHER PARTY (INCLUDING MANAGEMENT OR OWNERS OF SELLER) RELY ON THIS LETTER OF INTENT FOR PURPOSES OF

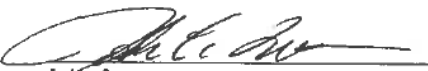
MAKING STRATEGIC ALTERNATIVE DECISIONS FOR SELLER OR FOR
ANY OTHER PURPOSES.

(SIGNATURE PAGE FOLLOWS)

If the foregoing meets with your approval in principle, please so indicate by returning to us one fully executed copy of this letter.

Sincerely,

ASHLAND CAPITAL PARTNERS, LLC

By: 
John Lorentzen
Managing Director

ACCEPTED AND AGREED TO:

Dated: _____, 2017

BOCCELLA PRECAST, LLC

By: _____
Name: _____
Title: _____

JOSEPH BOCCELLA SR.

By: _____
Name: _____
Title: _____

ANTHONY BOCCELLA.

By: _____
Name: _____
Title: _____

JOSEPH BOCCELLA JR.

By: _____
Name: _____
Title: _____