



July 27, 2016

Highly Confidential

VIA PDF EMAIL

Mr. Dick Bontke
Ms. Sue Bontke
Mr. Nathan Bontke
Ms. Kelli Savering
c/o Neil Bishkin
EBB Group
736 Sunkist Ln.
Plano, TX 75025

Neil:

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 Gamma Engineering, Inc. (the "*Company*" or "*Gamma*") and the real estate on which the business is conducted (the "*Real Estate*"), which is owned by Gamma, in exchange for the Purchase Price (as defined below). Gamma and Real Estate are hereinafter sometimes collectively referred to as the "*Seller*".

This Letter of Intent is not intended to be a binding agreement nor shall it create any enforceable obligations, except for the "*Binding Provisions*", as defined in Section 21, below. No other legally binding obligations will be created, implied, or inferred until Purchase Agreement(s) (defined below) have been executed and delivered by the parties. No party is obligated to enter into Purchase Agreement(s). The parties shall not incur any obligations whatsoever to each other based on oral understandings, extended negotiations, courses of conduct, implied obligations of good faith and fair dealing, or similar grounds, whether or not a party claims to have relied on, or detrimentally changed its position because of, any of the foregoing. The consummation of the Transaction and its final terms are subject to the completion of satisfactory due diligence as well as mutual agreement and satisfaction of other contingencies outlined herein and in the Purchase Agreement(s) (as defined below).

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 EBB Group 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 ninety (90) days after the execution of this Letter of Intent.

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

1. Transaction Structure
Newco will purchase (i) from Gamma, substantially all of its assets and business operations (the "*Business*") and (ii) the Real Estate, in exchange for the Purchase Price (as defined below).

(a) Purchase Agreement(s). Definitive Purchase Agreement(s) (the "*Purchase Agreement(s)*") will be executed by Newco and Seller on terms satisfactory in form and substance to Seller and Buyer. We anticipate that

Buyer can complete due diligence and close the Transaction in no later than 90 days, after this Letter of Intent is fully executed.

(b) Retention of Liabilities. Except as specifically set forth in the Purchase Agreement, certain pre-closing liabilities of the Company would be retained by the Seller or paid by the Seller at or prior to the Closing. These retained liabilities include taxes, deferred compensation, including severance and bonuses triggered due to the Transaction, accrued compensation and bonuses (other than salaries for the most recent payroll period accrued on the closing balance sheet through the Closing), the Company's revolver, other third party debt that is not a trade payable, other indebtedness for borrowed money, fees and expenses relating to the Transaction and liabilities payable to the Shareholders or their affiliates.

2. Purchase Price The purchase price, on a debt free, cash free (except any customer deposits) basis is \$38.0 million (the "**Purchase Price**") and consists of cash consideration in an amount equal to \$38.0 million ("**Cash Consideration**"). The Cash Consideration shall be paid to Seller, concurrently with the Closing, in immediately available funds, less \$2.0 million deposited into an escrow account as described in Section 4 below. The Purchase Price also assumes that the Seller will file all tax filings and pay all income taxes associated with the Transaction.
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 Purchase Agreement(s).
 - (a) Past Due Receivables. The Purchase Price will be adjusted downward on a dollar for dollar basis if the balance of accounts receivable over 60 days is less than \$1.25 million at the Closing.
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 \$2.0 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 FY2016 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 FY2016 audit.

5. Financing

Ashland believes in implementing a 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. We have begun conversations with third-party lenders but we typically do not seek a commitment letter from the third-party lenders at this stage in the process. We find that we secure more favorable financing terms later in the transaction and generally have at least two or more senior lenders competing for the business. Although we are including a financing contingency in this Letter of Intent, we have never been unable to close a transaction because of an inability to secure debt financing.
6. Employment Agreement

At Closing, each member of management (if appropriate) will sign an employment agreement. 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.
7. 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 Dick Bontke, Sue Bontke, Nathan Bontke and Kelli Saverling. These agreements will be binding for a period ending no less than 3 years from the time Dick, Sue, Nathan and Kelli are no longer involved with the Company.
8. Indemnities

The representations and warranties set forth in the Purchase 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 90 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 Purchase Agreement(s), subject to the following limitations:

 - a. Indemnity Deductible: \$190,000 (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: \$3.8 million (10% 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.)

9. 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 reasonable 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 Purchase 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 on a modified accrual basis 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.
10. Environmental
- As a part of the due diligence review of the Company, the Buyer will, within 30 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 16. 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, with permission from the Sellers, reserve 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.
11. 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.
 12. Timing and Milestones

The timing and milestones below assume a signing of this Letter of Intent on or before July 29, 2016:

 - a. Commence accounting, environmental, financial, industry, insurance, and operational due diligence: August 8, 2016
 - b. Commence legal due diligence: August 15, 2016
 - c. Select lender by: September 19, 2016
 - d. Initial draft of Purchase Agreement(s) submitted to Seller by: September 9, 2016
 - e. Lender documents preparation and negotiations: September 12, 2016 – October 21, 2016
 - f. Signing of Purchase Agreement(s): October 28, 2016
 13. 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, such access to be cleared in advance by notice to Kelli Saverling and with her approval and scheduling.
 14. 1031

Purchaser and/or Seller recognize and agree that property in this transaction may be the subject of a Section 1031 tax-free exchange. Purchaser and/or Seller agree to cooperate with each other in effectuating such exchange including, without limitation, permitting an assignment to a third party intermediary, provided (i) the Closing Date is not delayed; and (ii) the cooperating party does not incur any additional liability or expense because of such cooperation.
 15. Confidentiality and non-solicitation

In the course of the transaction, proprietary and confidential information will be disclosed by the Seller to the Buyer and Buyer will meet and associate with Seller's key employees. Prior to the closing of the transaction, Buyer will not use and shall prevent the disclosure of any information it receives from Seller that is proprietary and confidential, (whether delivered in writing or verbally) which by its nature would be reasonably considered as confidential and shall use the same degree of care to avoid disclosure of such information as the recipient employs with respect to its own Confidential Information of like importance, excepting disclosure to the due diligence team and in presenting to lenders or investors the pertinent information involved. Buyer further agrees that if the transaction does not close, it will not solicit any of the employees of the Seller for a period of one year from the date of termination of the transaction.

16. Expenses Except as set forth in this Section 16, 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 10, 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 20, 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.
17. 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.
18. Governing Law This Letter of Intent is governed by and construed in accordance with the internal laws of the State of Texas 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 Dallas County, Texas in any legal suit, action, or proceeding arising out of or based upon this Letter of Intent.
19. Letter of Intent Expiration Unless extended in writing by Ashland at its sole discretion, this offer will expire at 5:00 p.m. Central Time on July 29, 2016 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.
20. Exclusive Dealings; Agreement to Operate in the Ordinary Course Upon execution of this Letter of Intent, Gamma and their respective shareholders agree that neither Gamma, their respective shareholders 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 100 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.

21. 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 Purchase 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 10 through 21, 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,

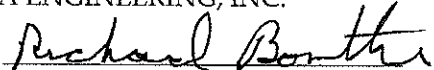
ASHLAND CAPITAL PARTNERS, LLC

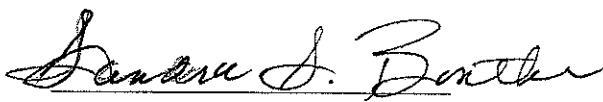
By: 
John Lorentzen
Managing Director

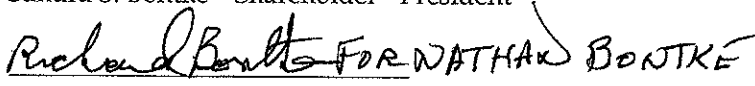
ACCEPTED AND AGREED TO:

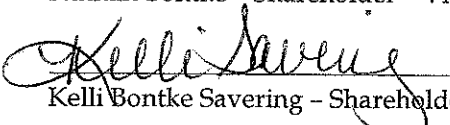
Dated: July 28, 2016

GAMMA ENGINEERING, INC.

By: 
Richard Bontke - Shareholder - Vice President

By: 
Sandra S. Bontke - Shareholder - President

By:  FOR NATHAN BONTKE
Nathan Bontke - Shareholder - Vice President

By: 
Kelli Bontke Saverling - Shareholder - Vice President/Secretary