

COMMUNITY DEVELOPMENT AGENCY
OF LEXINGTON, NEBRASKA

ORTHMAN MANUFACTURING TERM SHEET

May 9, 2014

John McCoy
Manager
Orthman Investments, LLC
75765 Road 435
Lexington, NE 68850

RE: New Orthman Manufacturing Plant/ Lexington, NE

Dear Mr. McCoy

The Community Development Agency of Lexington, Nebraska (the "CDA") is pleased to provide Orthman Investments, LLC ("OMI") with the following conditional financing commitment to be utilized in the acquisition and construction of the new Orthman manufacturing plant to be constructed on Lot 11, Replat of Southeast Second Addition to the City of Lexington, Dawson County, Nebraska.

The CDA will provide for the following financing through grants and loans by the CDA and the City of Lexington:

\$1,250,000 Community Development Revenue Bond (TIF Bond).
\$ 800,000 CDA grant ("Grant").
\$ 500,000 Economic Development Loan ("EDL")

This commitment is subject to the following:

1. The TIF Bond will bear an interest rate of 7% per annum and be amortized solely from incremental tax revenues and deficiency payments received by the CDA between January 1, 2015 and December 31, 2029, as defined in a Redevelopment Contract between CDA and OMI and related bond resolution of the CDA.
2. OMI or its affiliate will be required to purchase the TIF Bond, and receive 100% of the proceeds thereof to be utilized for acquisition of on Lot 11, Replat of Southeast Second Addition to the City of Lexington, Dawson County, Nebraska.
3. The Grant and the EDL will be provided at the closing on the TIF Bond and subject to: (1) the terms of the Redevelopment Contract; (2) the terms of the EDL loan documents; (3) the purchase of the real estate described above by OMI or its affiliate; and (4) the sale of the "Walnut Street" real estate, controlled by OMI to the CDA pursuant to the Redevelopment Contract and separate purchase agreement.
4. The EDL will bear 0.00% interest and be repaid in 15 equal annual payments with the first payment due January 1, 2016.

5. OMI will be required to pay attorney fees incurred by the CDA related to the Redevelopment Contract and TIF Bond.
6. Approval of the forgoing is subject to legislative approval and recommendations of the CDA, the Lexington Planning Commission and the Lexington City Council.
7. Final approval is conditioned on OMI demonstrating that sufficient funds have been committed to complete the proposed project.

The CDA appreciates the opportunity to assist in the expansion of Orthman's operation in Lexington.

Sincerely,

Chairman