



Alro Steel Corporation

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ISO 9001:2008

February 23, 2017

VIA EMAIL

City of Charlotte
C/O Bryan Myrkle
Community Development Director
111 E. Lawrence Avenue
Charlotte, MI 48813

**RE: Proposed Purchase of Real Property located adjacent to 1298 Lipsey Drive,
Charlotte, Michigan**

Dear Bryan,

The following Letter of Intent sets forth the terms upon which Alro Steel Corporation is prepared to purchase from City of Charlotte real property located adjacent to 1298 Lipsey Drive, Charlotte, Michigan for the purposes of future growth and expansion of Alro's facility.

LETTER OF INTENT

This Letter of Intent is entered into by and between *City of Charlotte*, a Michigan municipality ("Seller"), and *Alro Steel Corporation*, a Michigan corporation, whose principal place of business is located at 3100 E. High Street, Jackson, Michigan 49203 ("Buyer"), to set forth the proposed terms and conditions of a transaction for the acquisition of real property located in Charlotte, Michigan, to be entered into between the parties following the negotiation and signing of a Purchase Agreement and based on the terms and conditions set forth below:

1. **Property.** Seller is the owner of parcels of real property in Charlotte, Michigan, said parcels being land (approximately 3.85 acres) adjacent to 1298 Lipsey Drive, Charlotte, Michigan and further identified as "Additional Area #1, Additional Area #2, Additional Area #3, and Additional Area #4 on the attached Exhibit "A" (the "Property).

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2. **Acquisition of the Property.** Buyer shall acquire the Property from Seller for \$38,500.00 ("Purchase Price") to be paid at closing in immediately available funds.

3. **Earnest Money Deposit.** Buyer shall deposit \$5,000.00 (the "Deposit") with a mutually agreed-upon licensed title company ("Title Company") immediately upon the signing of a purchase agreement ("Purchase Agreement") by both parties (the "Effective Date"). The Deposit shall be refundable to Buyer at any time prior to the expiration of the inspection period unless specified otherwise in the Purchase Agreement. The Deposit shall be held in an interest-bearing account for the benefit of Buyer, and the interest earned shall be part of the Deposit.

4. **Purchase Agreement.** Promptly on the signing of this Letter of Intent by the parties, Buyer shall prepare and deliver to Seller a proposed Purchase Agreement that will include, among other terms and conditions, the terms and conditions specified in this Letter of Intent. The proposed Purchase Agreement will not be binding unless it is approved and signed by both parties. The parties agree to employ their best efforts to sign and deliver the proposed Purchase Agreement within 60 days of the date of acceptance of this Letter of Intent. Upon signing a binding Purchase Agreement by both parties, due diligence will be conducted as provided in said Agreement and as referenced in this Letter of Intent.

5. **Title Information and Survey.** Seller shall deliver to Buyer its most recent title policy and survey for the Property in its possession. Within fifteen (15) days after the Effective Date of the Purchase Agreement, Seller shall deliver to Buyer a current ALTA Owner's title insurance commitment ("Title Commitment") covering the Property in the amount of the Purchase Price, along with copies of all recorded encumbrances affecting the Property. Buyer's obligation to close the transaction shall be contingent upon the Title Company issuing to Buyer a 2006 ALTA Owner's policy of title insurance based upon the Title Commitment showing only those Title exceptions approved, or deemed approved, by Buyer. Buyer, at its own expense, may obtain an updated survey on the Property.

6. **Delivery of Information about Property.** Seller shall also deliver to Buyer copies of any additional relevant information it has with regard to the Property, such as copies of any leases or agreements with other parties concerning the Property, environmental reports concerning the Property, and any other information or reports in its possession regarding the Property ("Seller's Documents").

7. **Buyer Due Diligence.** Under the Purchase Agreement, Buyer shall have not less than 120 days from the acceptance of the Purchase Agreement to conduct due diligence on the Property at its sole expense including but not limited to the following: engineering studies, environmental studies, zoning investigations, governmental approvals, and soil and utility service studies. Buyer shall also have the right to review title, survey, and Seller's Documents. If Buyer's due diligence shows any condition which is unacceptable to Buyer, at Buyer's sole discretion, Buyer may terminate the agreement by notice to Seller on or before the expiration of the due diligence period and receive a refund of Deposit. Within 30 days from the Effective Date, Seller shall make a good-faith effort to assist Buyer, at no expense to Seller, in receiving the following:

a. any estoppel letters, assignments, or agreements Buyer deems reasonably necessary with regard to any other parties who have entered into a letter of intent, lease, or other statement of interest or agreement with regard to the potential use of the Property; and

b. any other agreements or land use approvals Buyer feels are reasonably necessary for the Property with regard to uses, signage, parking, zoning, and other matters that are regulated by governmental entities, provided that such approvals shall not be effective until Closing.

8. **Condition of the Property.** Buyer shall acquire the Property in “as-is where-is” condition.

9. **Taxes and Other Adjustments.** Seller shall pay all outstanding real and personal property taxes and assessments assessed or billed against Seller or the Property before the date of closing in full by, at, or before the closing. Any property taxes which become a lien in years prior to the year of closing shall be paid by Seller without proration. Any taxes billed or assessed after closing shall be paid by Buyer. The parties shall prorate taxes and make other prorations or adjustments required to prorate the expenses for the Property and personal property and any revenues or income for the Property prior to the date of closing. Seller shall be responsible for paying all costs and expenses of the Property to the date of closing and shall receive all revenue for the Property to the date of closing. The day of closing shall be allocated to Seller. Seller shall retain its interest in any uncollected receivables for the Property, and any that are paid after closing to Buyer shall be promptly turned over to Seller. Seller shall pay all invoices for expenses on the Property received before the date of closing and be charged for its prorated amount for any invoices that Buyer receives following closing.

10. **Interim Maintenance.** Until the date of closing, Seller shall maintain the Property in the same condition that it is in as of the date of this Letter of Intent and continue to manage it as it has been managed before this date. Any casualty to the Property or eminent domain proceedings with regard to the Property shall be addressed by the parties in the Purchase Agreement.

11. **Closing.** The parties agree to seek to close the proposed transaction on or before September 30, 2017. The parties shall each be responsible for preparing the closing documents identified as its responsibility and delivering them to the other party at least 5 days before the date of closing for its review and approval. The parties shall close at a mutually agreeable location in Michigan and/or by mail, electronic mail and escrow through the title company. Seller shall pay any transfer tax on the transaction at the closing and the cost of removing any liens or encumbrances not approved or not deemed approved by Buyer from the Property in order to deliver good and marketable title to Buyer at closing. Buyer shall be responsible for recording the conveyance documents. The parties shall each pay half of any charges by a title company agent for closing fees. Seller shall pay the cost of the owner’s title policy and Buyer shall pay for the cost of any endorsements. Title shall be conveyed at closing by a special

warranty deed in the condition required under the Purchase Agreement and the parties shall execute whatever other documents are necessary, appropriate, and customary to close a commercial transaction of this type in Charlotte, Michigan, including a closing statement memorializing the transaction.

12. **Assignment of Buyer's Interest.** Buyer may assign its interest under this Letter of Intent and the Purchase Agreement to another affiliated party, if it elects to close the proposed transaction. In the event Buyer assigns its interest under the Letter of Intent and the Purchase Agreement, Buyer shall remain jointly and severally liable, along with the assignee, for the Buyer's obligations under the Letter of Intent and the Purchase Agreement through closing. Buyer may also utilize a Section 1031 exchange if deemed appropriate by Buyer. Additional costs with respect thereto, if any, shall be Buyer's responsibility.

13. **Confidentiality.** The parties agree that all of the information they exchange with each other concerning the Property, their methods of doing business and operations, and any other matters disclosed as a part of negotiating this Letter of Intent and the Purchase Agreement, shall be kept confidential and not used for any other purpose or given to any other parties or individuals except their associated consultants and representatives as necessary for the proposed transaction. If the Purchase Agreement is terminated, each party shall return to the other all originals and any copies they have made of the written information or disks provided by the other party, and the obligation not to disclose any information received under this Letter of Intent or the Purchase Agreement shall survive the termination of this Letter of Intent or the Purchase Agreement, except that Seller may retain copies of any reports, investigations and surveys and other due diligence materials related to the Property.

14. **Construction of this Letter of Intent.** Except for the confidentiality provisions in the preceding paragraph, and the standstill provision set forth below, this Letter of Intent is not intended to constitute a binding agreement but rather to serve as a basis for negotiating and drafting a definitive purchase and sale agreement between the parties with the essential terms and conditions stated in this Letter of Intent as well as other terms and conditions to be determined. Neither Seller nor Buyer shall be bound unless and until the Purchase Agreement has been signed and delivered by both parties. This Letter of Intent does not contain all of the essential terms that the parties expect will be part of the Purchase Agreement, and further negotiations between the parties are contemplated before a binding Purchase Agreement will be executed.

15. **Exclusive Opportunity.** Following the execution of this Letter of Intent, the Seller will not negotiate or enter into discussions with any other party or offer the property or any interest therein for sale or lease to any other party until sixty (60) days from the date of Seller's acceptance of this Letter of Intent has elapsed.

16. **Acceptance.** If Seller finds the foregoing terms acceptable and wishes to be bound by the terms and conditions set forth herein, it shall sign and return a duplicate copy of the Letter of Intent, to Alro Steel Corporation, Attn: Steve Laten, 3100 E. High Street, P.O. Box 927, Jackson, Michigan 49204-0927, prior to **March 31, 2017**. Facsimile is acceptable and may be sent to (517)788-3392.

Alro Steel Corporation

By: _____

Its: _____

AGREED AND ACCEPTED:

City of Charlotte

By: _____

Its: _____

If the summary of terms in this Letter of Intent forms an acceptable basis on which to proceed with this transaction, please sign above and return an original copy of said Letter of Intent to my attention, as provided for in Paragraph 16.

Regards,



Steve Laten
EVP/CFO of Alro Steel Corporation