Minute No. 546
Report - Standing Policy Committee on Property and Development – July 6, 2010

Item No. 28 **Sale - Southern Portion of the former Dominion Bridge Site – Capitol Steel Corporation and ADF Group Inc. (St. James - Brooklands Ward) eFile FI-2.4(31)**

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the sale of the City-owned property shown shaded on Misc. Plan No. 10981/4, in favour of Capitol Steel Corporation and ADF Group Inc., for the purchase price of $1,000,000.00, be approved in accordance with the terms and conditions of the Offer to Purchase contained in the report of the Winnipeg Public Service dated July 5, 2010.

2. That the Proper Officers of the City be authorized do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Property and Development – July 6, 2010

DECISION MAKING HISTORY:

Moved by Councillor Steeves,

That the recommendation of the Standing Policy Committee on Property and Development be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 14, 2010, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 6, 2010, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

ISSUE: **To Obtain Standing Policy Committee on Property and Development Approval of the Sale of the Southern Portion of the Former Dominion Bridge Site – Capitol Steel Corporation and ADF Group Inc.**

Critical Path: **Standing Policy Committee on Property and Development**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Thorgrimson	D. Joshi	M Ruta	P Sheegl, Deputy CAO

RECOMMENDATIONS

1. That the sale of the City-owned property shown shaded on Misc. Plan No. 10981/4, attached, in favour of Capitol Steel Corporation and ADF Group Inc., for the purchase price of $1,000,000.00, be approved in accordance with the terms and conditions of the attached Offer to Purchase.

2. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no regulatory or human resources implications associated with this report.

The recommended sale of the subject City property is in accordance with the City's *"Offers to Purchase City-owned Property Policy"*. The subject property was marketed for sale to the general public.

HISTORY

The subject City-owned property shown outlined on Misc. Plan No. 10981/3 was acquired by the City via Tax Sale No. 106/150 on November 18, 2008.

Details of the subject property are as follows:

Location:	South side of Dublin Avenue, North side of Saskatchewan Avenue, West of Midland Street
Description:	Site is improved with multiple Industrial Buildings
Roll Number:	13001238200
Legal Description:	Long Legal Description
Site Size:	±30.54 acres
Zoning:	"M3" – Manufacturing Heavy

Since the time of the acquisition of the subject property, the Planning, Property and Development Department has marketed the property for sale to the general public. In addition, the property is occupied with eight various Lessees.

On November 3, 2009, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service, to sell the City-owned property shown outlined on Misc. Plan 10981/3, in favour of PBX Properties Ltd. (or Nominee), for the purchase price of $3,200,000.00.

Over the months following the decision to sell the subject City-owned property to PBX Properties Ltd., the Public Service and the Purchaser could not conclude the proposed sale and therefore, the property did not transfer to PBX Properties Ltd.

The Planning, Property and Development Department is in receipt of another Offer to Purchase from Capitol Steel Corporation and ADF Group Inc. (Purchaser) for the sale of the southern half of City-owned property shown shaded on the attached Misc. Plan No. 10981/4. The Purchaser is a major Steel Fabricating Company and is currently leasing space within the northern portion of subject property.

Salient terms and conditions of the Offer to Purchase are as follows:

- Purchase price of $1,000,000.00.
- Deposit amount of $100,000.00.
- Closing Date to be no later than 150 days from date of approval of the Standing Policy Committee on Property and Development.
- Manitoba Conservation will at no cost to the Purchaser and the City, cause the remediation of the environmental impacts of the Purchased lands satisfactory for the Purchaser's proposed uses and the Purchaser will not be liable for any remedial costs for pollution, contamination and other environmental impacts existing prior to closing.

- In addition, the City will have received assurances from the Manitoba Conservation, that Manitoba Conservation will at no cost to the City, cause the remediation of environmental impact of the lands adjacent to the north boundary of the Purchased Lands (the remaining City-owned property). The Public Service will continue to market the northern portion of the subject City owned property once the Purchaser completes its construction of the new facility and locates to the southern portion of the site.
- The City is required to conduct a plan of subdivision to order to convey the Lands to the Purchaser.
- The City and the Purchaser shall enter into a lease amendment or rent agreement, whereby the Purchaser's will continue to rent and operate at its current location on the northern portion of the subject City owned property during the construction and commissioning of the Purchaser's plant on the Purchased Land, and until such time as the plant on the Purchased Land is fully operational, such date to be no later than December 31, 2011.

The recommended sale of a portion of the former Dominion Bridge site will eliminate the City's liability of holding and maintaining the property and upon closing of the sale, the property will be added to the City's Tax Roll.

The Planning, Property and Development Department is recommending that the sale of the subject property shown shaded on Misc. Plan No. 10981/4 be approved to Capitol Steel Corporation and ADF Group Inc., for the price of $1,000,000.00 in accordance with the terms and conditions of the attached Offer to Purchase dated June 28, 2010.

FINANCIAL IMPACT

Financial Impact Statement Date: June 29, 2010

Project Name:

Approval of the Sale of the Southern Portion of the Former Dominion Bridge Site – Capitol Steel Corporation and ADF Group Inc.

COMMENTS:

Net costs to the City of Winnipeg to date with respect to the former Dominion Bridge site amount to $2,796,000 (i.e. acquisition costs + cumulative operating costs less cumulative lease revenue). In order to attribute an equitable portion of cost of sales to the portion of the property to be sold, it would first be necessary to have a reasonable estimate of the sales value of remaining northerly portion of the site. However, there are a number of unknowns at this time that precludes a reasonable estimate. These unknowns include, but are not limited to, the extent of the environmental remediation to which Manitoba Conservation has committed (i.e. its impact on value) and whether the northern portion is sold as one property or first subdivided. Another unknown that would factor into the financial impact of the proposed sale is future municipal tax revenues, both property and business, to be generated once the subject property (and at some future point, the northern portion of the site) is sold and redeveloped.

Given the number of variables involved, particularly the future “sales value” of the northern portion of the former Dominion Bridge site, for the purposes of this analysis, the cost of sales is assumed to be equal to the proceeds of disposition. As such, there is no net financial impact associated with the proposed sale.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this Report there was consultation with:

N/A

SUBMITTED BY

Department	Planning, Property and Development
Division	Real Estate
Prepared by	Joedi Pruden
Date:	July 5, 2010
File No.	3039 (IV)

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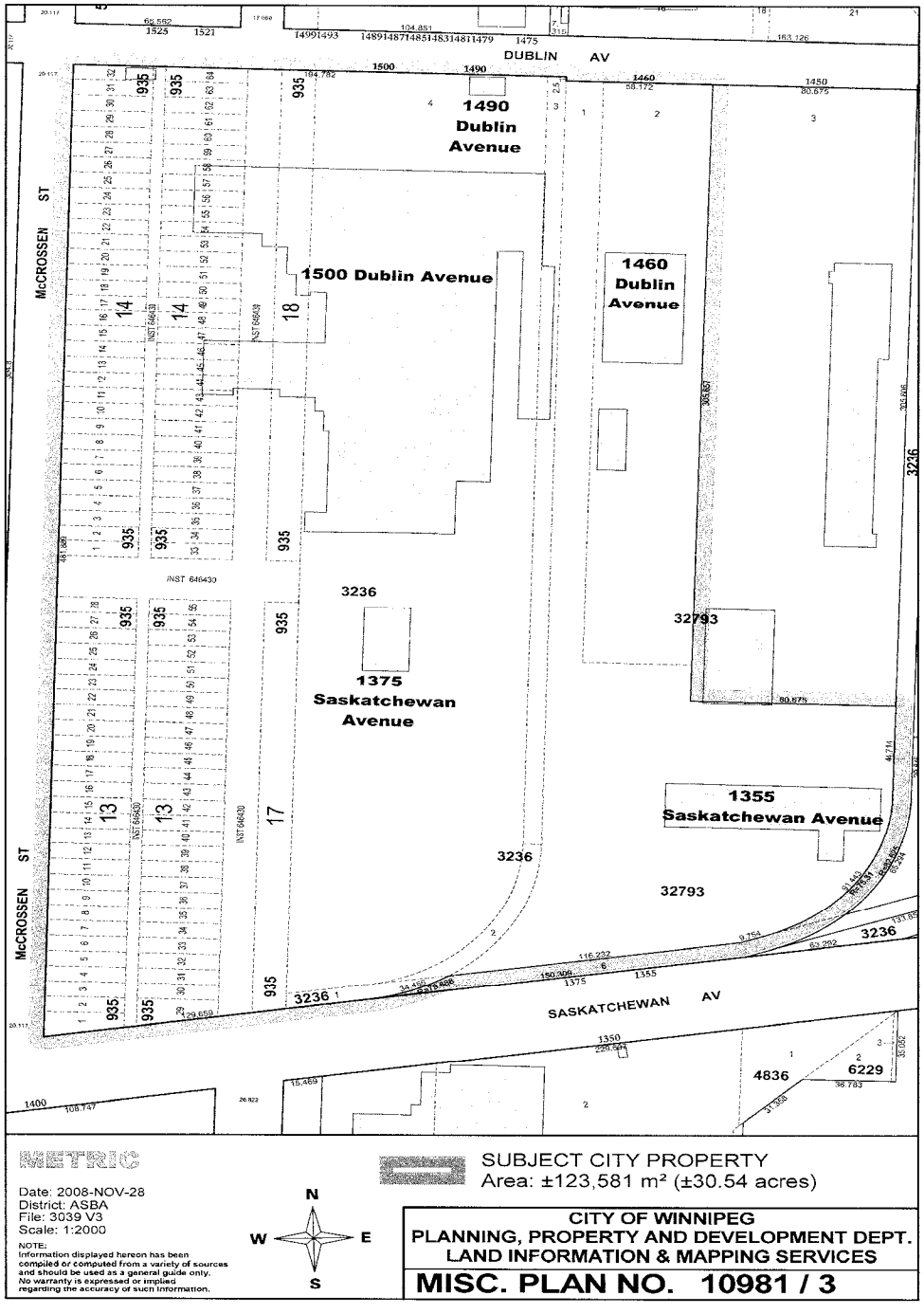
DUBLIN AV
1490 Dublin Avenue
1500 Dublin Avenue
1460 Dublin Avenue
1375 Saskatchewan Avenue
1355 Saskatchewan Avenue
SASKATCHEWAN AV
McCROSSEN ST
McCROSSEN ST
3236
32793
4836
6229
METRIC
Date: 2008-NOV-28
District: ASBA
File: 3039 V3
Scale: 1:2000
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.
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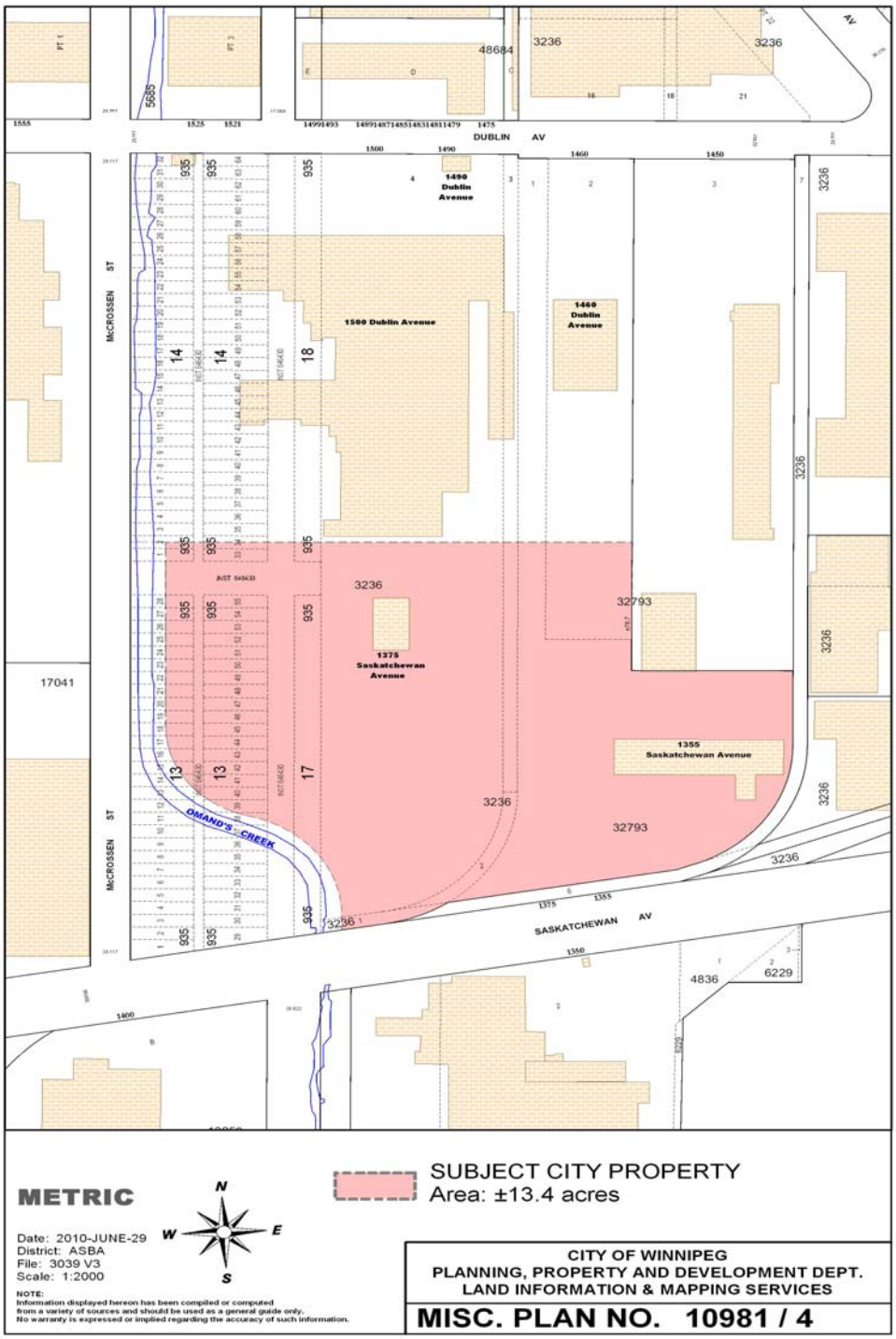
SUBJECT CITY PROPERTY
Area: ±123,581 m² (±30.54 acres)
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 10981 / 3


DUBLIN AV
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McCROSSEN ST
1490 Dublin Avenue
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1460 Dublin Avenue
1375 Saskatchewan Avenue
1355 Saskatchewan Avenue
SASKATCHEWAN AV
OMAND'S CREEK
17041
48684
3236
32793
4836
6229
SUBJECT CITY PROPERTY
Area: ±13.4 acres
METRIC
N
W
E
S
Date: 2010-JUNE-29
District: ASBA
File: 3039 V3
Scale: 1:2000
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 10981 / 4

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OFFER TO PURCHASE
(THE "AGREEMENT")

1.0 OFFER TO PURCHASE

1.1 Capitol Steel Corporation ("Capitol"), a corporation duly incorporated pursuant to the *Canada Business Corporation Act* with a registered office located at 900-400 St. Mary Avenue, Winnipeg, Manitoba, R3C 4K5, and ADF Group Inc. ("ADF"), a corporation duly incorporated pursuant to the *Canada Business Corporation Act* with a registered office located at 300 Henry-Bessemer Street, Terrebonne, Quebec, J6Y 1T3, both acting on behalf of a new corporation to be incorporated (hereinafter designated as the "*Purchaser*") hereby offer and agree to purchase from The City of Winnipeg, (hereinafter designated as the "*Vendor*") ~~all~~ that portion of the lands and premises situated in the City of Winnipeg, in the Province of Manitoba, included in the lands legally described on Schedule "A" (the "City-Owned Lands") shown in the sketch revised and attached as Schedule "B", being ~~16.57~~ 15.27 acres, more or less, (the "Purchased Land"), such offer and agreement to purchase to be upon the terms and subject to the conditions herein set forth.

2.0 PURCHASE PRICE

2.1 The Purchase Price for the Purchased Land is ~~650,000~~ $1,000,000 $ (the "*Purchase Price*") subject to adjustment as hereinafter set forth.

2.2 Municipal realty taxes, the annual portion of local improvement levies, hydro electric charges, water rates and charges under maintenance or other contracts (which maintenance or other contracts have been accepted and assumed by the Purchaser and which are not otherwise the responsibility of the Vendor under the terms of this Agreement) with respect to the Purchased Land, shall be adjusted proportionately and allowed to the Date of Closing (as hereinafter defined), the day itself to be the Purchaser's account both as to income and expense. If the realty taxes for the

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Purchased Land for the calendar year in which the Date of Closing occurs have not been finally determined or have not been separately assessed, the Vendor and the Purchaser shall re-adjust all realty taxes forthwith after such determinations are made. The Vendor shall pre-pay all local improvement levies or assessments affecting the Purchased Land on the Date of Closing.

2.3. For the purposes of this Agreement, "business day" shall mean any day that is not a Saturday, Sunday or statutory holiday in the Province of Manitoba.

2.4 The Purchase Price shall include without limitation all buildings, structures, erections, improvements, appurtenances, crane ways and fixtures situated in or upon all ~~of the~~ the Purchased Land and all systems, machinery and equipment used or intended to be used in connection with the operation and maintenance thereof, including, but not limited to, all outdoor overhead cranes, all electrical fixtures, panels and switch boxes, heating fixtures and equipment, air conditioning units and equipment, plumbing and bathroom fixtures as installed, screens, storm windows and doors, window blinds, partitions, power wiring and installations, pumps and compressors, all of which are situated on the Purchased Land ~~premises~~ and are to be free and clear of all liens, charges, encumbrances and security interests. The Purchase Price shall also include the Wheelabrator machine and the outdoor 40-ton overhead crane located at Capitol's current premises (i.e. the premises presently leased by Capitol from the Vendor, adjacent (or in proximity) to the Purchased Land), and which Wheelabrator machine and overhead crane the Purchaser will acquire from the Vendor at the Date of Closing and relocate to the Purchased Land at any time after the Date of Closing or, at the latest, when the lease amendment or the free-rent agreement set forth in paragraph 4.1 d) hereof is over.

(excepting however all tenants' fixtures now upon the Land and belonging to tenants at present occupying the building under lease to the Vendor and Air compressors rented by the landlord for the use of the tenants and portable trailers rented by the Landlord for the exclusive use of Capitol Steel)

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3.0 CLOSING

3.1 The date of closing (the "*Date of Closing*") shall be the thirty (30) days following the date upon which the Purchaser has provided written notice to the Vendor that the Purchaser's Conditions (as hereinafter defined) have been satisfied or waived. If the Date of Closing as determined hereunder is not a business day, the Date of Closing shall be the next following business day.

4.0 CONDITIONS PRECEDENT - PURCHASER

4.1 The obligation of the Purchaser to complete the transaction of purchase and sale shall be subject to the following conditions (the "*Purchaser's Conditions*"), namely that, not later than one hundred twenty (120) days from the acceptance of the Offer by the Vendor (the "*Conditions Period*):

a) the Purchaser shall be satisfied, in its sole discretion, with regard to its due diligence investigations including, but not limited to: title searches, site dimensions, building and site inspections and investigations, zoning, conditional use approvals, signage approvals, geotechnical and environmental soils investigations, labor law matters, availability and capacity of services, finalization of development plans and all contracts affecting the Purchased Land, including, without limitation, any sidings agreements, copies of which contracts the Vendor shall forward the Purchaser upon the commencement of the Conditions Period.

b) the Purchaser will have received assurances from Manitoba Conservation, in form and content satisfactory to the Purchaser in its sole discretion, that Manitoba Conservation will, at no cost to the Purchaser, cause the remediation of environmental impacts at the Purchased Lands, that the environmental condition of the Purchased Lands is satisfactory for its proposed uses and that the Purchaser will

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not be liable for any remedial costs for pollution, contamination and other environmental aspects existing prior to the Date of Closing.

c) the Vendor shall have, at its cost, obtained subdivision approval, on terms and conditions satisfactory to the Purchaser in its sole discretion, permitting the transfer of the Purchased Lands to the Purchaser;

d) Capitol and the Vendor shall have entered into a lease amendment or free rent agreement regarding Capitol's current premises, whereby Capitol will be allowed to continue to operate at its current premises ~~at no rental costs whatsoever from the Date of Closing~~ rent and during the construction and commissioning of the Purchaser's plant on the Purchased Land, and until such time as the plant on the Purchased Land is fully operational, such date to be no later than December 31, 2011.

e) Manitoba Investment Opportunities Program (the "MIOP") loans in the amount of $ 5,000,000.00 shall have been awarded to the Purchaser on terms and conditions satisfactory to the Purchaser in its sole discretion;

f) The final terms and conditions of the transaction of purchase and sale shall be authorized and approved by resolutions of the respective Boards of Directors of each of the following entities:

i) Capitol Steel Corporation; and

ii) ADF Group Inc.

4.2 It is understood and agreed that the conditions set out in paragraph 4.1, hereof have been inserted solely for the benefit of the Purchaser and may be waived by them, in whole or in part, as the Purchaser in their sole discretion may determine at any time in writing, and if so waived, this Agreement shall be read as excluding the condition or conditions waived.

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4.3 In the event that the conditions set forth in paragraph 4.1 hereof have not been satisfied or waived within the time allowed under paragraph 4.1, this Agreement shall lapse and terminate and be completely null and void and thereafter neither the Vendor nor the Purchaser hereto shall have any further rights or liabilities hereunder.

5.0 ACCESS AND INFORMATION

5.1 Provided that the Purchaser gives the Vendor prior reasonable notice of its access requirements, the Purchaser, its servants and agents, shall have the right at any time and from time to time to enter upon the Purchased Land to conduct such soil and other tests and make such inspections as the Purchaser may deem desirable. The Purchaser shall repair all damage to the Purchased Land caused by such testing and inspections.

5.2 The Vendor shall permit and hereby authorizes the Purchaser and their authorized agents, to make all applications to the City of Winnipeg and/or any other governmental authorities as the Purchaser may in their sole discretion deem necessary or advisable with respect to the matters set forth in paragraph 4.1 hereof and in that regard, the Vendor covenants and agrees to execute or cause to be executed, such consent forms and other documents and assurances as may be required in connection therewith, forthwith upon request of the Purchaser.

6.0 COVENANTS, REPRESENTATIONS AND WARRANTIES - VENDOR

6.1 The Vendor offers no representations or warranties with respect to the Purchased Land and sells the Purchased Land "As-Is" but the Vendor does covenant, represent and warrant to the Purchaser, regardless of any independent investigation that the Purchaser has made or may cause to be made, as follows that:

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(a) the Vendor is a Municipality in good standing under the laws of the Province of Manitoba;

(b) to the best of the Vendor's knowledge, having made due enquiry, there is not now and will not be at the Date of Closing:

(i) any agreement or option for the purchase of the Purchased Land or any part thereof other than this Agreement;

(ii) any agreements or contracts outstanding with respect to the operation, management or maintenance of the Purchased Land;

(iii) any subsisting lease or agreement for lease affecting the Purchased Land, other than those for the following month to month tenancies:

- Rassel Metals
- Agra Foundations Ltd.

~~(iv) any title irregularities including any encroachments or undeclared or unregistered easements, construction liens or other charges.~~

(c) the Vendor shall, at the Date of Closing, have good and marketable title to the Purchased Land free and clear of all caveats, liens, charges, mortgages, encumbrances and registrations whatsoever, other than the following:

(i) registrations (if any) for which the Vendor makes provision for discharge from title on the Date of Closing or from the proceeds of sale hereunder, to the satisfaction of the Purchaser; and

(ii) any easements or rights-of-way for the installation or maintenance of sewer, water, power or other utilities; and

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(d) the Vendor is not presently nor will be at the Date of Closing a non-resident within the meaning of Section 116 of the *Income Tax Act* (Canada).

6.2 The Purchased Land shall be and remain at the risk of the Vendor until the Date of Closing. Pending completion of the sale the Vendor will not encumber or negotiate or complete any new leases or renewals of existing leases or any other agreements with respect to the Purchased Land, except with the express consent of the Purchaser; will maintain the Purchased Land in its present state except for normal wear and tear and will hold all insurance policies in good standing and the proceeds thereof in trust for the parties as their interests may appear. In the event of damage, howsoever occasioned, to the Purchased Land which shall effectively render the Purchased Land substantially less fit for use or occupancy than was the case at the time of the making of this Agreement, then, the Purchaser may at their sole option elect to have paid to it the proceeds of the insurance (together with any deductible amount to be paid by the Vendor) and to complete the purchase, or may cancel the Agreement without penalty.

7.0 ASSIGNMENT - PURCHASER

7.1 The Purchaser shall be entitled to assign, transfer and convey its right, title or interest in this Agreement, in whole or in part, and at its sole discretion, to such persons, firms or corporations as it may determine. If the Purchaser makes any such assignment, transfer or conveyance, the Vendor shall (upon receipt of a written authorization and direction executed by the Purchaser or its solicitors) proceed with the transaction hereby created in a manner consistent with such authorization and direction, whereupon the Purchaser named herein shall be released from any liability pursuant to this Agreement.

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8.0 GOODS AND SERVICES TAX

8.1 The Purchaser shall be liable for and shall pay all Goods and Services Tax (the "GST"), if any, applicable to this transaction. Provided, however, that if the Purchaser confirms to the Vendor that it is a registrant for the purposes of GST, it is agreed that the Purchaser shall self-assess and report the GST applicable with respect to this transaction. In the event the Purchaser does not provide the Vendor with confirmation and evidence as aforesaid, the Purchaser shall also pay to the Vendor on the Date of Closing all GST payable on the within transaction.

9.0 CLOSING

9.1 On the Date of Closing, the Vendor shall deliver or cause to be delivered to the Purchaser's solicitors, in form and content reasonably satisfactory to such solicitors, the following:

(a) a transfer of land in registrable form in favour of the Purchaser, or any assignee under paragraph 7.1, hereof together with all title documents in the possession or under the control of the Vendor, sufficient to cause title to the Purchased Land to vest in the name of the Purchaser, or their assignee, in the manner provided for in this Offer;

(b) all contracts, agreements and warranties which the Vendor may have in relation to the Purchased Land together with proper assignments thereof in favour of the Purchaser;

~~(c) a declaration by the Vendor that the covenants, representations and warranties under paragraph 6.1 hereof are true and correct at the Date of Closing;~~

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(d) all records and documents in the Vendor's possession with respect to the Purchased Land;

~~(e) a Declaration as to Possession in form satisfactory to the Purchaser's solicitors; and~~

(f) such other documents as the Purchaser may reasonably require.

9.2 The Vendor shall on the Date of Closing deliver to the Purchaser vacant possession of the Purchased Land.

9.3 The Purchaser shall pay the Purchase Price, subject to the usual adjustments, by solicitor's trust cheque (or such other manner reasonably required by the Vendor's solicitor), to the Vendor's solicitor on the Date of Closing.

10. NOTICE

10.1 (a) Any notice or other communication required or permitted to be given under this Offer (a "*Notice*") shall be in writing and shall be given by personal delivery or delivered by nationally recognized overnight courier service to the applicable address set forth below:

(i) in the case of the Vendor addressed to it at:

2nd Floor, 65 Garry Street
Winnipeg, MB R3C 4K4

Attention: ~~Ray Klassen~~ DEEPAK JOSHI, Director PP+D.
Fax No.: ~~204-944-8478~~ 204-947-2284

(ii) and in the case of the Purchaser addressed to it at:

Capitol Steel Corporation
1355 Saskatchewan Avenue,
Winnipeg, Manitoba R3H 0Z4

Attention: Jeff Ganozar
Fax No.:

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and

ADF Group Inc.
300 Henry-Bessemer Street
Terrebonne, Quebec J6Y 1T3

Attention: Pierre Paschini
Fax No.: 450-965-7034

(iv) and in the case of the Vendor's Broker, to:

Skinkos Realty Inc.
200 – 1355 Taylor Avenue
Winnipeg, Manitoba
R3M 3Y9

Attention: R.G. (Bob) Downs CA
Fax No.: 204-284-7115

Facsimile numbers provided above is an acceptable means of providing Notice.

(b) Any Notice, if delivered, shall be deemed to have been validly and effectively given and received on the date of delivery.

(c) By giving to the other party at least ten (10) days Notice, any party may, at any time and from time to time, change its address for delivery or communication for the purposes of this paragraph 10.

11. Miscellaneous

11.1 Time shall in all respects be of the essence hereof.

11.2 Except as otherwise specifically set forth in this Agreement, the Vendor and the Purchaser shall each pay their own legal and other consultant's fees with respect to this transaction.

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11.3 This Agreement shall enure to the benefit of and be binding upon the parties herein and their respective successors and permitted assigns, and all covenants, representations, warranties and indemnities of the Vendor and the Purchaser as herein set forth shall not be merged on the registration of the documents of conveyance and shall survive the closing of this transaction.

11.4 Any tender of documents or monies hereunder may be made upon the Vendor or the Purchaser or the solicitor acting on their behalf.

11.5 This Agreement shall be governed by the laws of the Province of Manitoba and the federal laws of Canada applicable within the territory of the Province of Manitoba.

12.0 ACCEPTANCE

12.1 Acceptance by the Vendor of this Offer must be made by the Vendor completing the acceptance at the end of this Offer and by delivering two copies of the accepted Offer to the Purchaser by 12:00 noon (Winnipeg time) not later than ~~seven (7) business days following the latest date that the Purchaser have signed this Offer~~, otherwise this Offer shall be null and void and of no effect. June 25, 2010.

12.2 Upon acceptance by the Vendor within the time and in the manner herein limited, this Offer together with such acceptance shall constitute a binding agreement of purchase and sale between the Vendor and the Purchaser. All references to "Agreement" where used herein shall mean the agreement resulting from this Offer and the acceptance thereof and "date of this Agreement" shall mean the last date that both parties hereto have signed this Offer.

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13.0 CONFIDENTIALITY

13.1 The parties agree that this Agreement and the details of the transaction contemplated herein, including the Purchase Price, the identity of the Purchaser and all documents and other information identified by either party as being confidential and all copies, reproductions, summaries, reports, analyses, notes, or extracts thereof, constitute confidential information ("Confidential Information"). Notwithstanding the foregoing, Confidential Information shall not include information which is or becomes generally available to the public other than as a result of a disclosure by either party or any of their respective Representatives. The parties shall only disclose or communicate Confidential Information to their authorized Representatives, provided such representatives have agreed to respect the confidentiality of such Confidential Information. The parties and their respective Representatives will not otherwise disclose or communicate any Confidential Information, unless such disclosure or communication has been previously authorized, in writing, by the other party hereto. As used in this Agreement, the term "Representative" means any director, officer, employee, agent, consultant and advisor (including, without limitation, any financial advisor, banker, legal counsel, accountant and any representative of such advisor).

DATED at Winnipeg, this 10th day of June, 2010

ADF GROUP INC. (Purchaser)

Witness

By: _____
Pierre Paschini, President and C.O.O.

CAPITOL STEEL CORPORATION (Purchaser)

Witness

By: _____
Jeff Ganczar, President

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ACCEPTANCE BY VENDOR

The Vendor hereby accepts the within Offer to Purchase as revised, subject to the following conditions, and does hereby covenant and agree to and with the Purchaser to complete the sale of the Purchased Land referred to therein on the terms and conditions therein set forth.

Conditions:

1. The Purchaser shall within three (3) business days following the acceptance of this Offer by the Vendor, forward a deposit of **$100,000.00** (the "*Deposit*") to Shindico Realty Inc. (the "Vendor's Broker"); and the Deposit shall be deposited and held by the Vendor's Broker in an interest bearing trust account pending the completion or termination of this Agreement. The Deposit shall be credited on account of the Purchase Price, to the benefit of the Purchaser, and be paid to the Vendor on the Date of Closing (as hereinafter defined). If the purchase and sale transaction is not completed other than solely by reason of the default of the Purchaser or if this Agreement is terminated pursuant to any term or condition hereof under which the Purchaser is entitled to a return of the Deposit, such deposit and all interest thereon shall be immediately returned to the Purchaser. If the Purchaser fails to complete the transaction of purchase and sale contemplated by this Agreement for any reason other than by reason of the fault of the Vendor or pursuant to any provision of this Agreement pursuant to which the Purchaser is entitled to terminate this Agreement, the Purchaser shall forfeit the Deposit to the Vendor.
2. That the Winnipeg City Council approves the Offer to Purchase on or before July 31, 2010. not later than the expiration of the Conditions Period
3. That the Vendor will have received assurances from Manitoba Conservation, in form and content satisfactory to the Vendor in its sole discretion, that Manitoba Conservation will, at no cost to the Vendor or the Purchaser, cause the remediation of environmental impacts at the lands adjacent to the north boundary of the Purchased Lands encompassing the lands legally described in Schedule A that are not included in the Purchased Lands

DATED at Winnipeg this 24th day of June. 2010

THE CITY OF WINNIPEG (Vendor)

Witness

By:
Name:
Title: D. THORGRIMSON
MANAGER of REAL ESTATE/ECONOMIC DEVELOPMENT

S.G.

ACCEPTANCE BY PURCHASER

Acceptance by the Purchaser of the within Offer to Purchase as revised on June 24, 2010 including the Vendor's conditions, must be made by the Purchaser not later than 4:00 PM June 28, 2010.

Accepted by the Purchaser this 28th day of June, 2010

ADF GROUP INC. (Purchaser)

Witness

By: _____

CAPITOL STEEL CORPORATION (Purchaser)

Witness

By: _____

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SCHEDULE "A"

LEGAL DESCRIPTION OF CITY-OWNED LANDS

Title No: 2336737	LOT 4 PLAN 3236 WLTO TOGETHER WITH A RIGHT AS APPURTENANT TO SAID LOT TO ENTER UPON LOTS 1 AND 2 FOR THE PURPOSE OF CONSTRUCTION, USING AND REPAIRING ANY RAILWAY TRACK NOW OR HEREAFTER THEREON, IN RL 43 TO 46 PARISH OF ST. JAMES.
Title No: 2336740	LOTS 1 TO 10 AND 19 TO 58, BLOCK 13, AND LOTS 27 TO 32 AND 58 TO 64, BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336741	LOT 54 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336743	LOTS 11 TO 28 AND 39 TO 53 BLOCK 13 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336746	LOTS 41 TO 44 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES
Title No: 2336747	LOTS 5, 6, 7 AND 8 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336749	BLOCKS 17 AND 18 AND LOTS 55, 56, 57 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336751	LOTS 48 AND 49 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336753	ALL THAT PORTION OF LOT 42 PARISH OF ST. JAMES FORMERLY SHOWN AS PORTIONS OF EMPRESS STREET, SURREY AVENUE AND PUBLIC LANES SHOWN ON A PLAN OF SAID PARISH LOT, PLAN 935 WLTO WHICH LIES TO THE NORTH OF THE SOUTHERN LIMIT OF THE LAND COVERED BY SAID PLAN, TO THE SOUTH OF THE SOUTHERN LIMIT OF DUBLIN AVENUE AND ITS PRODUCTION IN STRAIGHT LINES AND TO THE EAST OF THE EASTERN LIMIT OF DUNDAS STREET AND IT'S PRODUCTIONS IN A STRAIGHT LINE.
Title No: 2336756	LOTS 16, 17, 50 AND 51 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336759	LOT 26 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336760	LOT 52 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336767	LOT 52 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.
Title No: 2336768	LOTS 9 AND 10 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES
Title No: 2336773	LOTS 1 TO 4, 11 TO 15, 18 TO 25, 35 TO 40 AND 45 TO 47 BLOCK 14 PLAN 935 WLTO IN RL 42 PARISH OF ST. JAMES.

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SCHEDULE "A"

LEGAL DESCRIPTION OF CITY-OWNED LANDS

Title No: 2368684	LOTS 1, 2, AND 3 PLAN 3236 WLTO SUBJECT TO A RIGHT TO ENTER UPON, REPAIR AND USE ANY SPUR TRACK, NOW OR HEREAFTER LOCATED UPON SAID LOT 1 AS APPURTENANT TO LOTS 1 AND 3 PLAN 32793 WLTO AND AS APPURTENANT TO LOT 4 PLAN 3236 WLTO TO ENTER UPON LOTS 1 AND 2 PLAN 3236 WLTO FOR THE PURPOSES OF CONSTRUCTING, USING AND REPAIRING ANY RAILROAD TRACK NOW OR HEREAFTER LOCATED THEREIN, AND SUBJECT TO A RIGHT OF WAY FOR ALL PURPOSES OVER THE SAID LOTS 1, 2 AND 3 PLAN 3236 WLTO AS APPURTENANT TO LOTS 12 AND 15 TO 20 PLAN 3236 WLTO, EXC OUT OF SAID LOT 12, FIRSTLY; ALL PURPOSES OVER THE SAID LOT 1 PLAN 3236 WLTO AS APPURTENANT TO LOTS 6, 7 AND 26 PLAN 3236 WLTO AND SUBJECT TO A PERPETUAL EASEMENT AND RIGHT OF USER FOR THE PURPOSES OF CONSTRUCTING, MAINTAINING AND OPERATING A SPUR TRACK AND OF USING, MAINTAINING AND OPERATING ANY SPUR TRACT AT PRESENT OR AT ANY TIME HEREAFTER LOCATED OR CONSTRUCTED UPON SAID LOT 1 PLAN 3236 WLTO AS APPURTENANT TO LOTS 8, 9 AND 11 PLAN 3236 WLTO AND SUBJECT TO A PERPETUAL EASEMENT AND RIGHT OF USER FOR THE PURPOSE OF CONSTRUCTING, MAINTAINING AND OPERATING A SPUR TRACK, AND OF USING, MAINTAINING AND OPERATING ANY SPUR TRACK PRESENT OR AT ANY TIME HEREAFTER LOCATED OR CONSTRUCTED UPON THE SAID LOTS 2 AND 3 PLAN 3236 WLTO AS APPURTENANT TO LOT 11 PLAN 3236 WLTO IN OTM LOTS 40 TO 45 PARISH OF ST. JAMES
Title No. 2336779	LOT 1 PLAN 32793 WLTO TOGETHER WITH A RIGHT AS APPURTENANT TO SAID LOT TO ENTER UPON, REPAIR AND USE ANY SPUR TRACK NOW OR HEREAFTER LOCATED UPON LOTS 1 AND 6 PLAN 3236 WLTO EXC OUT OF SAID LOT 6 PUBLIC WORKS PLAN 4842 WLTO AND TOGETHER WITH AN EASEMENT OVER LOT 7 PLAN 3236 WLTO THE CONDITIONS OF WHICH ARE MORE FULLY SET FORTH IN INSTRUMENT NO. 586832 WLTO AS APPURTENANT TO SAID LOT 1 PLAN 32793 WLTO IN OTM LOTS 44 AND 45 PARISH OF ST JAMES
Title No. 2336780	LOT 2 PLAN 32793 WLTO IN OTM LOTS 44 AND 45 PARISH OF ST JAMES

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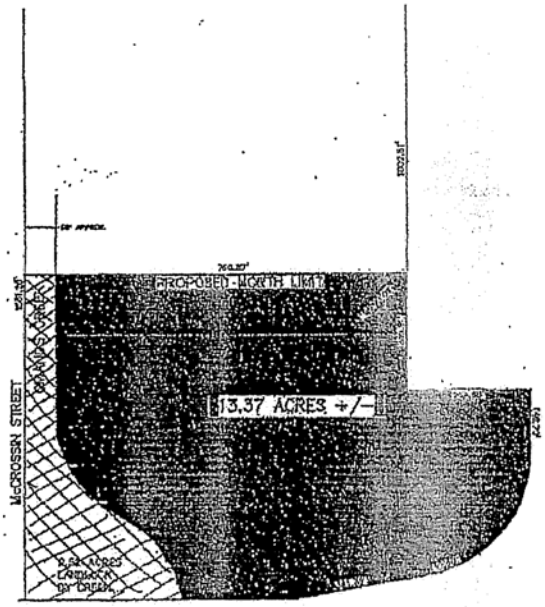
SCHEDULE "B"

ILLUSTRATION OF PURCHASED LAND



J.G.