

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

<b>In re:</b>	) <b>Chapter 11</b>
	)
<b>LEE STEEL CORPORATION. <i>et al.</i><sup>1</sup></b>	) <b>Case No. 15-45784-mbm</b>
	)
<b>Debtors.</b>	)
	) <b>Judge Marci B. McIvor</b>
	)

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**NOTICE OF AUCTION SALE OF  
SUBSTANTIALLY ALL OF DEBTORS' ASSETS AND  
HEARING TO APPROVE SALE TO SUCCESSFUL BIDDER(S)**

TO: All Interested Parties

**PLEASE BE ADVISED** that on May 1, 2015, the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") filed *Debtors' Motion For Entry of an Order Pursuant to 11 U.S.C. §§ 363 and 365, Bankruptcy Rules 2002 and 6004, and Local Rules 6004 and 9014 (a) Establishing Bidding procedures for the Auction Sale of Substantially all of Debtors' Assets Free and Clear of Liens, Claims and Encumbrances and Transferring Liens to Proceeds; (b) Scheduling an Auction and a Sale Hearing to Consider Approval of Sale; (c) Establishing Procedures for the Assumption and Assignment of Executory Contracts; (d) Approving the Form of Asset Purchase Agreement, Form and Manner of the Auction Notice, the Form of the Notice to Non-debtor Co-parties to Executory Contracts, and the Notice of the Sale Hearing*, at Docket # 85 (the "Bid Procedures Motion").

**PLEASE BE FURTHER ADVISED** that all capitalized terms herein shall have the meanings set forth in the Bid Procedures Motion unless indicated otherwise herein;

**PLEASE BE FURTHER ADVISED** that pursuant to the Bid Procedures Motion, the Court entered an Order at Docket # 175 (the "Bidding Procedures Order") establishing procedures for Debtor to sell, subject to approval by the Court at the Sale Hearing, substantially

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<sup>1</sup> Debtors include Lee Steel Corporation, Case No. 15-45784-mbm; Taylor Industrial Properties, L.L.C., Case No. 15-45785-mbm, and 4L Ventures, LLC, Case No. 15-45788-mbm.

all of its assets, either as a whole or on a facility by facility basis, free and clear of all liens, interests and encumbrances (the “Sale”), pursuant to certain procedures and approved a proposed form of Purchase Agreement filed at Docket # 173 (the “Proposed Purchase Agreement”);

**PLEASE BE FURTHER ADVISED** that pursuant to the Bidding Procedures Order, Debtor may enter into a purchase agreement substantially in the form of the Proposed Purchase Agreement with a Stalking Horse (the “Stalking Horse Purchase Agreement”) prior to the Auction, and subject to higher and better offers at the Auction, in accordance with the terms of the Bidding Procedures Order, the terms of which are set forth below, and pursuant to the terms and conditions of an Order approving the Sale.

**PLEASE BE FURTHER ADVISED** that an *Auction for the Sale has been scheduled for August 11, 2015 at 9:00 a.m. EST* (the “Auction”) at the offices of McDonald Hopkins PLC, 39533 Woodward Avenue, Suite 318, Bloomfield Hills, Michigan 48304 and a *hearing before the Court to approve the Sale has been scheduled for August 12, 2015 at 9:30 a.m. EST*, (the “Sale Hearing”) on the 18<sup>th</sup> Floor in the U.S. Bankruptcy Court for the Eastern District of Michigan, located at: 211 W. Fort Street, Detroit, Michigan. Any and all parties desiring to participate in the Auction must comply with the procedures established pursuant to the Bidding Procedures Order.

**PLEASE BE FURTHER ADVISED** that a complete copy of the *Motion Pursuant to Sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rule 6004 for Entry of an Order (i) Authorizing Debtors to Enter Into Agreement for Sale of Substantially all of Debtors’ Assets with Successful Bidder at Auction (ii) Authorizing the Sale of Substantially all of Debtors’ Assets in Connection Therewith Free and Clear of all Liens, Claims, Encumbrances and Interests and Transferring Liens to Proceeds; and (iii) Granting Related Relief* (“Sale Motion”), the Bid Procedures Motion, the Proposed Purchase Agreement, the Stalking Horse Purchase

Agreement, if any, and the Bidding Procedures Order can be obtained by request to Debtors' counsel identified below.

In order to qualify to be the Stalking Horse, an offeror must be Qualified Bidder, as defined below, and **by 5:00 P.M. prevailing Eastern Time on July 2, 2015**, submit a purchase agreement to Debtor's counsel, Stephen M. Gross, Esquire, McDonald Hopkins PLC, 39533 Woodward Ave., Suite 318, Bloomfield Hills MI 48324; Laura A. Marcero, CRO of the Debtors, Huron Consulting Services, LLC 900 Wilshire Drive, Suite 270, Troy, Michigan 48084, and Jamie Lisac, Huron Consulting Services, LLC 500 W. Van Buren Street, Chicago, Illinois 60607 substantially in the form of the Proposed Purchase Agreement, and containing the following pertinent provisions (the "Stalking Horse Purchase Agreement"), which are generally acceptable to Debtors, after consultation with the Official Committee of Unsecured Creditors ("UCC"), and The Huntington National Bank "Lender"):

1. A cash purchase price for the Purchased Assets (defined below), including a cash payment for substantially all of Debtors' inventory, payable in full at closing and the assumption of certain contracts and leases and the assumption of certain liabilities.
2. The Stalking Horse Purchase Agreement must be accompanied by an earnest money deposit equal to ten percent (10%) of the cash portion of the purchase price (the purchase price to be paid at Closing) to be held by Debtors' counsel or an escrow agent acceptable to the Debtors. The deposit will be applied against the purchase price if the Stalking Horse is the successful purchaser of the Purchased Assets. If the sale is not consummated on account of the Stalking Horse's failure to perform any of its obligations under the Stalking Horse Purchase Agreement, Debtors will retain the earnest money deposit. If the Stalking Horse is not in breach of the Stalking Horse Purchase Agreement,

it will be entitled to return of the deposit if (i) the Purchased Assets are sold to another purchaser and the sale closes (ii) the sale is not consummated on account of Debtors' failure to perform under the Stalking Horse Purchase Agreement, or (iii) the sale is not consummated because certain contingencies to closing in the Stalking Horse Purchase Agreement were not timely satisfied by Debtors or deemed waived by the passage of time pursuant to the Stalking Horse Purchase Agreement.

3. The Purchased Assets include all tangible and intangible assets and personal property owned by Debtors and used to operate and conduct the Debtors' business operations as a whole or, alternatively, may consist of the assets used to operate and conduct Debtors' business operations from the Romulus Facility or the Wyoming Facility individually, as well as assets located at the Debtors' leased offices in Novi, Michigan. Excluded Assets include, without limitation, all executory contracts and unexpired leases that are not assumed and assigned to the Purchaser under section 365 of the Bankruptcy Code; certain claims and causes of action against third parties, including all Chapter 5 Avoidance Actions (as defined in the Financing Order); any Objection(s) (as defined in the Financing Order) brought by the UCC; any and all other state law fraudulent transfer and similar causes of action and any claims against Debtors' equity owners, officers, directors, employees, agents, representatives or professionals; bank accounts; cash and cash equivalents; tax refunds; and life insurance policies, as well as the proceeds of all of the foregoing Excluded Assets.
4. Closing will occur and conclude on or before August 28, 2015.

5. The Stalking Horse will not assume any employee benefit programs, except, to the extent, if any, mandated by Lee Steel's collective bargaining agreement.
6. Subject to Bankruptcy Court approval, Debtors may be obligated to pay a "break-up fee" of up to \$500,000.00 to the Stalking Horse to compensate it for its documented reasonable out-of-pocket expenses in conjunction with conducting due diligence and pursuing the purchase of Debtors' assets at the Auction (as defined below) with the proposed sale (the "Break-up Fee").
7. The Stalking Horse must agree to be a Stand-By Bidder as set forth in paragraph 32 of the Bid Procedures Motion, unless this provision is waived by Debtors, after consultation with the UCC and Lender, in which case the requirements of paragraph 32 of the Bid Procedures Motion shall be waived for all Qualified Bidders.
8. The Stalking Horse's obligations under the Stalking Horse Purchase Agreement may be subject to certain contingencies, including (i) environmental due diligence, and (ii) financial due diligence; provided, however, these contingencies will be deemed waived if not exercised by written notice to Debtors ten (10) calendar days before the Auction.

**The Bidding Procedures Order contains the following essential provisions:**

1. Bidders desiring to bid (the "Potential Bidders") must execute a confidentiality agreement;
2. Debtor will only consider "Qualified Bids" from "Qualified Bidders", as those terms are defined in the Bidding Procedures Order;
3. Qualified Bids must be received by Debtors' counsel no later than August 4, 2015 at 5:00 p.m. EST (the "Bid Deadline");

4. Qualified Bids must be accompanied by an earnest money cash deposit at least equal to ten percent (10%) of the cash portion of the proposed purchase price for the Purchased Assets, which deposit shall not be subject to any liens or encumbrances created in favor of any person or entity, and which shall be applied to the purchase price if the Qualified Bidder becomes a Successful Bidder
5. If there is a Stalking Horse (a) Qualified Bids for the assets of all Debtor's facilities must be for an aggregate purchase price at least equal to the purchase price reflected Stalking Horse Purchase Agreement, plus \$550,000.00; and (b) then the first overbid made up of combined Qualified Bids for the Debtors' facilities on a facility by facility basis must aggregate to \$550,000.00 more than the bid in the Stalking Horse Purchase Agreement.
6. Qualified Bids must be substantially in the form as the Proposed Purchase Agreement and be accompanied by a duly executed asset purchase agreement that is marked to reflect variations from either the Stalking Horse Purchase Agreement, if any, or the Proposed Purchase Agreement.
7. Qualified Bids must be accompanied by (a) a letter stating that the bidder's offer is irrevocable until the conclusion of the Sale Hearing and acknowledging and agreeing to be bound by all terms of the Bidding Procedures Order including Stand-by Provision as set forth in paragraph 32 of the Bid Procedures Motion.
8. Qualified Bids must be accompanied by written evidence of such bidder's commitment for financing for the full amount of the purchase price (without contingencies) or other evidence of such bidder's ability to consummate the transaction satisfactory to the Debtors, after consultation with Lender and the UCC.

**PLEASE BE FURTHER ADVISED** that if one or more Qualified Bids (other than that of the Stalking Horse, if any) have been received by the Bid Deadline, then Debtors shall conduct the Auction on the date and time established above. In the event Debtors do not receive a Qualified Bid from a Qualified Bidder by the Bid Deadline, Debtors shall proceed with the Sale to the Stalking Horse, if any, subject to approval of the Court at the Sale Hearing, and shall not conduct the Auction.

**PLEASE TAKE FURTHER NOTICE THAT ANY OBJECTION TO THE SALE MOTION MUST BE FILED WITH THE BANKRUPTCY COURT NO LATER THAN 4:00 P.M. EST AUGUST 11, 2015 (THE “OBJECTION DEADLINE”).**

**PLEASE BE FURTHER ADVISED THAT PURSUANT TO FED. R. BANK. P. 9014, OBJECTIONS (IF ANY) MUST: (A) BE IN WRITING; (B) SET FORTH THE NATURE OF THE OBJECTOR’S CLAIMS AGAINST OR INTERESTS IN DEBTORS ESTATES AND THE BASIS FOR THE OBJECTION AND THE SPECIFIC GROUNDS THEREFORE; (C) COMPLY WITH THE BANKRUPTCY RULES AND THE LOCAL BANKRUPTCY RULES AND ORDERS OF THIS COURT; (D) BE FILED WITH THE CLERK OF THE BANKRUPTCY COURT ON OR BEFORE THE OBJECTION DEADLINE; AND (E) BE SERVED AND ACTUALLY RECEIVED BY ALL PARTIES LISTED ON THE ATTACHED SERVICE LIST NO LATER THAN THE OBJECTION DEADLINE.**

**PLEASE TAKE FURTHER NOTICE THAT UNLESS YOU FILE AN OBJECTION TO THE SALE OF THE ASSETS WITH THE COURT AS DESCRIBED ABOVE, OR UNLESS THE BANKRUPTCY COURT DIRECTS OTHERWISE, WITHIN THE TIME SET FORTH ABOVE, YOU WILL BE DEEMED TO HAVE CONSENTED**

**FOR ALL PURPOSES TO THE RELIEF REQUESTED IN THE BID PROCEDURES MOTION AND THE SALE MOTION.**

**PLEASE TAKE FURTHER NOTICE THAT TIMELY FILED OBJECTIONS, IF ANY, WILL BE HEARD AT THE SALE HEARING.**

**COPIES OF THE SALE MOTION, THE BID PROCEDURES MOTION, THE PROPOSED PURCHASE AGREEMENT, THE STALKING HORSE PURCHASE AGREEMENT, IF ANY, AND THE BIDDING PROCEDURES ORDER ARE AVAILABLE FROM DEBTORS COUNSEL, STEPHEN M. GROSS, ESQ., MCDONALD HOPKINS PLC, 393533 WOODWARD AVE., STE. 318, BLOOMFIELD HILLS, MI 48304, (248) 646-5070, E-MAIL: [SGROSS@MCDONALDHOPKINS.COM](mailto:SGROSS@MCDONALDHOPKINS.COM).**

Respectfully submitted,

/s/ Stephen M. Gross

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