

May 18, 2025

p Founding Partner

The City of Frostburg Mayor and City Council

c/o Lydia Claar, Deputy City Administrator

37 Broadway

PO Box 440

Frostburg, MD 21532

Re: Letter of Intent (“LOI”) for the Development of the Approximately One (1) Acre Parcel of Land Bounded by Center Street, Alley 33, Oak Street, and American Avenue in The City of Frostburg (the “Property”).

Dear Mayor and City Council:

Allegany Group is pleased to offer this LOI for its development of a mixed commercial and residential use structure at the Property (the “Project”). This LOI outlines the principal terms, conditions, and contingencies upon which Allegany Group may acquire and develop the Property (the “Transaction”). On the basis of the understanding contained in this LOI, we expect that we will work to evaluate the Transaction and determine whether we can proceed to the negotiation and execution of a definitive agreement (“Definitive Agreement”) for the consummation of the Transaction.

The City and Allegany Group shall negotiate the terms of a Definitive Agreement in good faith. If a Definitive Agreement is not entered into within one hundred twenty (120) days of the date of this LOI, this LOI shall be null and void and of no further force and effect. Except as provided hereinafter, Allegany Group shall have the exclusive right to negotiate for the acquisition of the Property during this one hundred twenty (120) – day period.

Our proposals for the development of the Property and the terms to be included in a Definitive Agreement are:

1. **Project.** The Project shall include the construction of a multi-story building (the “Building”) on the Property that will include a mix of commercial and residential units. The first floor of the structure will consist entirely of commercial uses. Other floors shall include residential units. Residential leases shall be for terms of no less than one (1) calendar year.
2. **RFP.** Allegany Group received and reviewed the Request for Proposals dated Oct 2021 issued by the City for the development of the Project. The terms of the Definitive Agreement shall be consistent with the RFP except to the extent this LOI provides otherwise. In such instances, the terms of this LOI shall take precedence.
3. **Assignees.** The Definitive Agreement shall include a provision allowing Allegany Group to assign it to a third-party assignee acceptable to the City. The City may reject potential assignees for good cause. Good cause includes, but is

not limited to, inadequate qualifications, lack of experience, insufficient financial resources, insufficient equipment and personnel, and inadequate experience with projects similar to the Project. If Allegany Group wishes to assign the Definitive Agreement to a corporation or limited liability company controlled by the principals in Allegany Group, it may do so if the City is satisfied that Allegany Group's principals own a controlling interest in the assignee.

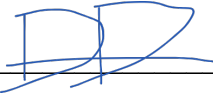
4. **Purchase Price.** The purchase price for the Property shall be One Dollar (\$1.00).
5. **Study/Due Diligence Period.** Allegany Group may perform such due diligence as it reasonably deems necessary to proceed with the Transaction during the 120-day period following the effective date of the Definitive Agreement (the "Due Diligence Period"). If at any time during the Due Diligence Period Allegany Group no longer wishes to proceed with the Project, it shall promptly provide written notice to the City, and the Definitive Agreement shall be void except with respect to those provisions that survive its termination and/or expiration, it being understood that some of the terms of the Definitive Agreement shall survive the closing of the Transaction (the "Closing"). Allegany Group shall provide the City with copies of all reports and studies prepared by third parties in connection with Allegany Group's due diligence, without regard to whether they were prepared during the Due Diligence Period. The obligation to produce reports and studies shall survive the expiration or termination of this LOI and/or the Definitive Agreement.
6. **Contingencies.** The Definitive Agreement shall provide that Closing is contingent upon the following.
 - (a) Allegany Group's acquisition of financing in an amount that is sufficient to enable it to complete the Project;
 - (b) Allegany Group's procurement of adequate parking; and
 - (c) Such other contingencies as Allegany Group's lender or the parties may require.
7. **Governmental Approvals.** The Developer shall be responsible for acquiring all governmental approvals required by the City Code and other applicable law for the construction and operation of the Project, including, but not limited to, the issuance of a building permit, occupancy permits, zoning approval and City of Frostburg Planning Commission approval.
9. **Closing.** Closing shall take place no later than sixty (60) days after the expiration of the Due Diligence Period.

10. **Commissions.** In the event any realtor's or real estate brokers' commissions or other sums are payable to third parties in connection with the acquisition of the Property, they shall be paid by the party that hired the realtor/real estate broker.
11. **Timeline.** The Definitive Agreement shall include benchmarks for the performance of the work to be performed by Allegany Group. It will provide that the deed effecting the conveyance of the Property to Allegany Group will include benchmarks with rights of reverter providing that the title to the Property will revert to the City if the benchmarks are not met. It is understood that Allegany Group will be obtaining financing to complete the Project and that the lender will require certain accommodations to ensure that its interests are protected. The Definitive Agreement will include a provision requiring the City to give the lender notice of any defaults and the opportunity to cure them before exercising its right of reverter.
12. **Notice of Abandonment.** In the event Allegany Group decides not to proceed with the Project, it shall provide immediate written notification of that decision to the City. Upon the issuance of the written notification, this LOI and the Definitive Agreement, if it has been executed, shall be null and void and of no further force and effect except for the terms of the Definitive Agreement that survive Closing. Upon the provision of such notice, the City shall be entitled to deal with the Property as though this LOI and the Definitive Agreement, if applicable, had never been executed.
13. **Maryland Law Applies.** This LOI shall be governed and construed according to the laws of the State of Maryland without regard to principles of conflict of laws. It shall be enforceable exclusively by means of an action commenced and maintained in the Circuit Court for Allegany County, Maryland or the District Court of Maryland for Allegany County, and both parties waive the right to claim that such a proceeding is commenced in an inconvenient forum or one that lacks proper venue.
14. **Signing by Electronic Means.** Each of the parties hereto expressly authorizes and agrees to sign electronically transmitted copies or counterparts of this LOI. Once said electronically transmitted signed copies or counterparts are executed by each of the parties hereto, they shall have the same binding effect as would a signed original LOI. Copies and counterparts transmitted by facsimile transmission are not acceptable.

Please note your agreement to the terms set forth herein by executing this LOI where indicated hereafter.

Very truly yours.

ALLEGANY GROUP

By: _____

David den Daas, Founding Partner

On the behalf of the founding partners

Date: 05/18/2025

THE CITY OF FROSTBURG

By: _____

Todd Logsdon, Mayor

Date