

C O N T R A C T

THIS AGREEMENT, made and entered into at Middletown, Ohio, this 1st day of March, 1967, between the McGRAW CONSTRUCTION COMPANY, INC., P. O. Box 369, Middletown, Ohio, and ARMCO STEEL CORPORATION, Middletown, Ohio, corporations duly organized and existing under the laws of the State of Ohio.

McGraw Construction Company, Inc. will be hereinafter referred to as "McGraw", and Armco Steel Corporation shall be hereinafter referred to as "Armco".

WITNESSETH:

WHEREAS, Armco invited a proposal for the purpose of recovering and/or salvaging of any slag or refuse materials which from time to time would be sent to Armco's South Slag Dump.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements hereinafter set forth, McGraw and Armco agree as follows:

1. Armco will allow McGraw to install its plant, at its own expense, for the recovery and reclaiming of ferrous items, together with such buildings, structures, stationary and other machinery and equipment as required for, or incidental to, carrying on its operation.

It is understood and agreed that the McGraw plant to be installed shall consist in part of a magnetic separation unit designed for the continuous processing of mill refuse and other materials as may be deemed suitable for tumbling, magnetic separation, screening and stocking to dimensions and Fe content as hereinafter set forth.

2. All such property placed upon Armco's premises by McGraw shall retain its character as personal property, regardless of the manner in which such buildings, machinery and equipment are placed upon or attached to the premises, except that the foundations for said buildings, machinery and equipment shall be left upon said premises at the termination of the contract, but shall be removed by McGraw above grade level. Should Armco desire to remove McGraw's recovery plant and other

equipment to some other suitable location on Armco's property, such removal to be made at Armco's expense. In such event, a detailed layout is to be furnished by McGraw and approved by Armco.

3. Should such improvements, including foundations, be assessed against Armco, it is understood that McGraw will promptly, and before any penalty, reimburse Armco annually for any taxes against such improvements.

4. Armco grants to McGraw exclusive rights to recover and prepare steel scrap from currently produced slag and refuse materials. Said refuse materials shall consist of open hearth and electric furnace slags, pit refuse and miscellaneous mill refuse, rubbish and waste materials, which from time to time may be sent to Armco's slag dump.

5. Armco agrees to deliver and dump or unload all slag, open hearth refuse, miscellaneous mill refuse, rubbish and waste materials, coming from its Middletown Plant operations, at McGraw's site, into pits at such places as may be mutually agreed upon.

6. McGraw agrees to furnish all equipment, materials and labor, necessary to recover, prepare and load, as hereinafter provided, the various classifications of iron and steel scrap and open hearth and/or electric furnace slag, as hereinafter specified, from the slag and various types of refuse resulting from the operation of Armco's open hearth and electric furnaces.

The parties to this agreement both recognize the importance of obtaining the maximum yield of iron-bearing material in the work to be done under this contract. Accordingly, McGraw agrees to engineer and construct an efficient machine for crushing, tumbling, screening and magnetic separation of iron-bearing materials from the waste. In order to maintain maximum practical yield, McGraw agrees to maintain this machine in first-class mechanical and electrical condition in order that the work might be performed as efficiently as possible. McGraw furthermore agrees that it will keep abreast of the art of magnetic separation and make changes

which appear to be practical and economical in such magnetic separating machinery as may be from time to time developed in this type of work.

7. It is agreed that after the scrap recovery has been effected, McGraw shall dispose of the worked-through, and not otherwise required, slag and refuse materials with its equipment on the dump areas designated by Armco, and in a manner approved by Armco.

8. Armco agrees that disposal and stockpiling areas will be provided by Armco and shall be located so that McGraw's equipment will not have to move the worked-through material more than a maximum of 300 feet horizontally from the dumping track. The relocation of any trackage will be in accord with the above and will be at Armco's expense. Any tracks necessary to connect McGraw's operations with those of Armco will be laid by Armco and will remain Armco's property.

9. McGraw agrees that it will prepare, load and recover for shipment to Armco all quantities of open hearth slag as Armco may require. McGraw further agrees that it will recover, prepare and load for shipment to Armco all iron and steel scrap salvaged by its operations, and Armco agrees to compensate McGraw at the unit prices hereinafter set forth. The salvaged steel scrap and open hearth slag will be delivered to Armco in accordance with the following specifications:

1. Lanced thimble skulls, buttons or other pieces of metallics requiring lancing, broken and prepared to size suitable and acceptable for open hearth charging, maximum size 44" x 44" x 60".

PRICE: \$6.215 per net ton, loaded on cars provided by Armco, f. o. b. McGraw's plant. (Unit price is subject to the provisions of escalation as hereinafter set forth.)

2. Steel scrap for open hearth use, 3" minimum, to charging box, size 18" x 60" maximum, must be free of adhering slags. Shall contain approximately 80% to 85% Fe.

Said steel scrap shall consist entirely of the product resulting from the processing of metals by and through the magnetic separation unit.

PRICE: \$8.00 per net ton, loaded on cars provided by Armco, f. o. b. McGraw's plant, for all such steel scrap accepted by Armco in each calendar month. (Unit price is subject to the provisions of escalation as hereinafter set forth.)

McGraw agrees that if the iron content is less than 80% or higher than 85%, then price shall decrease or increase proportionately on the basis of the following formula:

$$\frac{\text{Billing Price for Month per Net Ton}}{82.5\%} \times \text{Actual Average per Net Ton Analysis} = \text{Average Adjusted Price for Month per Net Ton}$$

3. Blast furnace fines magnetically separated and sized to plus 9/16" to minus 3", and containing approximately 60% Fe. By displacement test, Armco shall determine the Fe content by weight of all blast furnace fines plus 9/16" to minus 3" delivered, and such analysis shall govern.

PRICE: Armco will pay McGraw, loaded on cars provided by Armco, f. o. b. McGraw's plant, \$0.13175 per unit of Fe per net ton. (Unit price is subject to the provisions of escalation as hereinafter set forth.)

4. Blast furnace fines or refuse magnetically separated from the plus 9/16" to minus 3" blast furnace fines and sized to minus 9/16" and containing approximately 60% Fe are to be stocked in disposal areas to be provided by Armco within 2,000 feet of the magnetic separation unit, and not to be considered as a current requirement by or for Armco. It is understood and agreed that the cost involved in transferring this minus 9/16" material to the designated stockpile is included in the price applicable to the blast furnace fines plus 9/16" to minus 3" in Paragraph 9, Item 3.

PRICE: Should Armco elect to use or authorize disposal of all or any part of such minus 9/16" stocked material, it is understood and agreed that a handling or loading charge only will be applicable as mutually agreed upon between Armco and McGraw.

5. Slag: McGraw will prepare and load for delivery to Armco such quantities of sized open hearth slag as Armco may require for its blast furnaces. Said slag shall consist of screened material from minus three inches (-3") to plus one quarter inch (+1/4") and minus one quarter inch (-1/4") to zero (0) in size. McGraw will stock pile any quantities in excess of requirements at no additional expense to Armco, and in keeping with the limitations of Paragraph 8.

PRICE: Armco will pay McGraw, loaded on cars provided by Armco, f. o. b. McGraw's plant, \$0.772 per net ton. (Unit price is subject to the provisions of escalation as hereinafter set forth.)

6. McGraw agrees to salvage, process or handle any of the existing partly salvaged steel scrap now located at the South Dump at prices to be mutually agreed upon between Armco and McGraw. (Unit price is subject to the provisions of escalation as hereinafter set forth.)

7. McGraw agrees to perform any service in connection with the operation of the South Dump as directed by Armco at prices to be mutually agreed upon between Armco and McGraw.

10. Above prices shall prevail, but if the common labor rate, Zone 1, including cost of living adjustment paid by Armco, shall at any time be more or less than \$2.39 per hour; then McGraw's prices for materials delivered shall be increased or decreased for each one cent (1¢) per hour by which such labor rate, including cost of living adjustment, shall change by specified amounts. The price adjustment shall be applicable to each grade of scrap or iron recovered and slag delivered.

The adjustment for each one cent (1¢) per hour shall be as follows:

1. For lanced thimble skulls, buttons or other material requiring lancing, two and one-half cents (2-1/2¢) per net ton.
2. For steel scrap for open hearth use, two cents (2¢) per net ton.
3. For blast furnace fines, one and one-half cents (1-1/2¢) per net ton.
4. For open hearth slag, twenty-two thousandths of one cent (.0022¢) per net ton.

11. It is agreed between Armco and McGraw that the Fe content of the reclaimed metals shall be determined by water displacement tests. Procedures covering the method of calculating the amount of metallic content is to be presented by McGraw and mutually agreed upon by Armco and McGraw.

12. It is agreed between Armco and McGraw that in the event Armco's operations at its plant in Middletown, Ohio, are reduced below 50% of ingot capacity for a period of sixty (60) days and McGraw shall be unable to operate its plant at Middletown at a profit, including general overhead, and shall furnish Armco with satisfactory evidence thereof, McGraw may suspend its operations unless Armco voluntarily increases the price to justify continuance of operations by McGraw. If there shall be a discontinuance of production of steel scrap by McGraw hereunder which shall exceed three (3) consecutive months, or if Armco's open hearth depart-

ment shall be idle for more than three (3) consecutive months, the terms of this agreement shall be extended for a period of time equivalent to such stoppage.

Should any shutdown extend for six (6) consecutive months because of McGraw's action, then upon request of Armco, McGraw shall remove its equipment within sixty (60) days, and the agreement thereupon could be terminated.

13. Armco agrees that payments shall be made monthly. Payments shall be made on or before the 15th day of the following month.

14. It is agreed that all steel scrap purchased by Armco hereunder, and all slag handled by Armco, shall be weighed on Armco's scales, and the weights so determined shall govern the settlements. McGraw shall have the right at any reasonable time to have such scales checked for accuracy. Armco will regularly supply scale-weight tickets to McGraw upon which invoicing will be based.

15. McGraw agrees that it will, during its recovery operations, keep the slag dump in good condition, as directed by Armco.

16. Armco agrees that McGraw shall be permitted to purchase its current requirements of items for maintenance from Armco's storeroom and pay for such material at cost plus fifteen per cent (15%). Such permission would be granted only for materials usually stocked by Armco and would not be required to carry special materials for McGraw.

17. It is agreed that Armco shall furnish McGraw with such electrical and mechanical maintenance as Armco is reasonably able to supply. McGraw will pay Armco cost plus twenty per cent (20%).

Armco shall furnish McGraw with such power as McGraw may require for proper operation of its equipment, and McGraw shall pay for such power at Armco's cost. Metered services shall be installed and maintained by Armco, and Armco shall invoice McGraw and McGraw shall pay each month for such power.

18. Armco agrees that McGraw will be supplied oxygen either from Armco's new bulk plant or from "Driox" purchased by Armco to supplement its own requirements for oxygen.

Armco agrees that so long as its bulk plant is operating, the charge to McGraw will be \$0.16 per hundred cubic feet.

It is agreed further that if Armco's bulk plant is not operating, requiring the purchase of "Driox" by Armco, McGraw will pay to Armco \$0.21 per hundred cubic feet.

It is further agreed that when Armco's bulk plant can supply Armco and McGraw requirements without using "Driox," oxygen will be furnished to McGraw at bulk plant cost.

19. Armco agrees that it will provide, without cost to McGraw, the necessary water supply for cooling the hot open hearth and electric furnace slag and refuse. Any extension of the present water lines on the site to meet McGraw's requirements will be furnished and installed by McGraw at McGraw's expense.

20. Armco agrees that it will provide, if available on the site, a water supply for sanitary purposes, without cost to McGraw. McGraw will pay for any extension of the existing sanitary water lines to meet McGraw's requirements.

21. Armco agrees, when necessary, to issue plant passes to McGraw's employees for admittance through Armco's gates. McGraw shall observe Armco's Safety Instructions as set forth in attached Exhibit A.

22. McGraw agrees that it will procure and maintain liability insurance with limits of \$500,000 for bodily injuries to, or death of, any one person, and \$1,000,000 for all injuries or deaths arising out of any one occurrence and a property damage limit of \$100,000 for any one occurrence. Such insurance shall include automobile liability and shall be in form and with companies satisfactory to Armco, and McGraw shall furnish Armco with certificates of insurance issued by the respective insurers.

McGraw agrees to indemnify and save harmless Armco from and against all labor and material liens, claims and demands for damages to property, including property of Armco, for injuries to, or death of, persons, including employees of McGraw, and from every other cause arising from, connected with, or growing out of the exercise by McGraw of the rights granted in this agreement, unless occasioned by sole negligence of Armco.

23. McGraw agrees that it will comply with all requirements of the State of Ohio relating to Workmen's Compensation and Employer's Liability, and shall furnish Armco certificates of compliance with such laws or other evidence of such compliance satisfactory to Armco.

24. McGraw agrees that it will observe all applicable laws, ordinances, rules and regulations of the State, County, Municipality, or other Governmental units or agencies affecting McGraw's operation hereunder, and shall save harmless and indemnify Armco for all loss or damage occasioned by the failure of McGraw, its agents or employees to do so.

25. McGraw agrees that no provision of this agreement shall be deemed to construe McGraw the agent of Armco or Armco the agent of McGraw, under any conditions or for any purposes whatsoever, and the equipment installed by McGraw shall not become the property of Armco regardless of the fact that it may have become attached to the premises of Armco. McGraw shall pay all taxes upon property and equipment owned by it and located upon Armco's property.

26. It is agreed between Armco and McGraw that should either party breach any covenant contained in this agreement, the other party may terminate this agreement by giving the first party at least thirty (30) days' written notice of its intention to do so, which notice shall state the date of termination and the default complained of, and this agreement shall thereupon terminate on the date so specified, unless the party complained about shall cure the alleged breach within said 30-day period.

27. It is agreed between Armco and McGraw that this agreement shall be extended to June 1, 1970, with automatic renewal for successive three (3) year periods unless cancelled by either party upon written notice given at least ninety (90) days prior to June 1, 1970, or any three (3) year period thereafter.

28. McGraw agrees to make available to Armco at any time for use in connection with the salvage operation of McGraw, the following hourly rates, which will cover all costs, including operators, fuel and maintenance, and subject to the standard provisions of equipment rental contracts:

<u>Equipment</u>	<u>Straight Time Hr. Rate</u>	<u>Reg. Overtime Hr. Rate</u>	<u>Overtime Rate Sun. & Holidays</u>
Shovel, 3 cu. yd.	\$40.00	\$47.00	\$50.00
Dragline & Magnet 1-1/4 cu. yd.	26.00	33.00	36.00
Dragline & Magnet 3/4 cu. yd.	22.00	29.00	32.00
Truck Crane, 20 ton	28.00	34.00	37.00
Heavy Bulldozer	20.00	23.00	26.00
Euclid Dump Truck	16.00	19.00	22.00

McGraw agrees that the foregoing rates shall be in effect until October 1, 1967. On October 1, 1967, McGraw will submit a new schedule of rates for rental equipment for acceptance by Armco.

29. McGraw agrees for a period of six (6) months to do the following work and at the unit prices hereinafter set forth to October 1, 1967. On October 1, 1967, McGraw will submit new unit prices for acceptance by Armco:

1. Cleaning acetylene cars within 300' of track. \$50.00 per car
2. Handling of cinders within 300' of track. \$10.00 per car
3. Charge for servicing compressor car, railroad lanterns, tightening track bolts and servicing deep well pump. \$425.00 per month
4. Salvaging brick. \$50.00 per M

IN WITNESS WHEREOF, the parties hereto have executed this agreement at Middletown, Ohio, this first day of March, 1967.

WITNESSES:

Larry Holley

A. A. Beder

ARMCO STEEL CORPORATION

BY:

C. W. Beck
Vice President

McGRAW CONSTRUCTION COMPANY, INC.

BY:

Elliott D. Levey
Elliott D. Levey, President

Exhibit A

SAFETY INSTRUCTIONS FOR CONSTRUCTION CONTRACTORS AND THEIR AGENTS WORKING ON THE PREMISES OF ARMCO STEEL CORPORATION

The purpose of these safety instructions is to establish minimum safety standards to guide the Contractor and his employees in carrying out their safety responsibilities. Unless the context otherwise requires, reference to employees of the contractor shall include employees of sub-contractors.

I. GENERAL INSTRUCTIONS

- A. The General Contractor shall be responsible for the safety activities of all employees and agents he employs.
- B. All safe practices on construction work outlined in the latest edition of the "Manual of Accident Prevention in Construction", as published by The Associated General Contractors, shall be used as a guide.
- C. The Contractor shall comply with all applicable city, county, state, and federal safety codes in the area where he is performing his work.
- D. The Contractor shall comply with all applicable safety rules and regulations of the plant or works of Armco Steel Corporation where he is performing work. Questions of application will be resolved solely by Armco.
- E. Before starting work, the Contractor shall secure copies of all Armco General Safety Orders issued by the local plant where he is working and he shall comply with applicable provisions to safeguard personnel and property of Armco.
- F. The Contractor shall make prior arrangements with the Project Engineer or designated Plant Engineer before starting work in any operating department.
- G. Control valves or service lines which are located in various departments must not be opened or closed without first securing permission from the maintenance foreman in the department.
- H. The Contractor must make prior arrangements with the Project Engineer or his designated representative to check on the existence of underground conduits and service lines before an excavation of any kind is made with the plant area.

II. ACCIDENT PREVENTION PROGRAM - The Contractor shall have an accident prevention program commensurate with the extent of work under his contract.

- A. Safety Personnel - If it is determined by Armco that the contract warrants a full-time qualified safety supervisor, he shall be employed by the Contractor to implement the accident prevention program. He shall work closely with the plant safety department. The determination for the need of a safety supervisor shall be resolved before the contract is finalized.
- B. Safety Meetings shall be held regularly between Armco plant safety personnel and the Contractor's safety and/or supervisory personnel and Contractor's personnel for establishing a Safety Meeting Schedule.
- C. Adequate Safety indoctrination and instruction shall be given to all personnel employed by the Contractor.

D. Personal Protective Equipment and Clothing

1. The Contractor shall require his employees to wear adequate protective equipment and clothing commensurate with the hazards of the job being done. It is recommended that, wherever possible, these requirements be in accord with the personal protective program of the Armco plant or works where the work is performed. The following shall be used as a guide in establishing rules to provide employees with adequate protective equipment.
 - a. Hard hats shall be worn in all construction areas.
 - b. Appropriate type safety glasses, goggles, face shields or helmets shall be worn on all jobs where there is a known eye hazard.
 - c. Appropriate foot wear, such as safety shoes, protective covers, rubber boots, etc. shall be worn by employees who are engaged in work requiring such protection.
 - d. Respirators or breathing apparatus shall be worn on any job with respiratory hazards, including brick sawing, spray painting, and areas of excessive dust, toxic materials, or oxygen deficiency such as manholes, sewers, etc.
 - e. Safety belts shall be worn by employees where needed.

III. ACCIDENT REPORTS - The contractor shall maintain accurate safety records.

- A. All work injuries shall be classified in accordance with the latest revision of the Z16.1 Code, "Recording and Measuring Work Injury Experience", as issued by The American Standards Association.
- B. Any accident which apparently will lead to a disabling injury must be reported to the Armco project engineer or works engineer immediately.
- C. Copies of all disabling injury reports shall be sent to the Armco project engineer or works engineer.

IV. FIRST AID AND MEDICAL TREATMENT

- A. The Contractor shall make adequate local arrangements for giving first aid and medical treatment to injured employees.
- B. All injuries, regardless of how minor, shall be reported to the individual's supervisor.

V. CONTRACTOR'S EMPLOYEES - Qualifications and Conduct

- A. The Contractor shall make every effort to employ physical and mentally capable employees to carry out the work they are expected to perform.
- B. Employees should be discouraged from riding crane hooks or loads carried by cranes.
- C. Employees must not visit departments or sections of the plant not connected with their place of work.
- D. Employees entering or leaving their place of work must follow the designated routes.
- E. Employees must be alert for train movements when crossing railroad tracks.
- F. Employees shall not cross over, between, or under railroad cars unless properly authorized.
- G. Horseplay is considered an unsafe act and will not be tolerated on the job. Employees engaging in same are subject to discharge.

- H. Good Housekeeping is one of the first rules of safety and all Contractors are expected to keep their places of work clean and orderly. Materials and equipment will be left in a neat and orderly manner at the end of each working day. Trash shall be disposed of daily or more often if necessary. Employees must be cautioned against blocking or obstructing fire-fighting equipment, electric switch boxes, crane access stairs, ladders, safety walkways, or other areas necessary for the movement of men or safe operation of equipment.

VI. FIRE PREVENTION AND PROTECTION - Every possible effort shall be made to prevent fires and all approved protective means shall be taken in accordance with the National Fire Protective Association Code. Special protective measures shall be taken as follows:

- A. When burning or welding outfits are used, fire extinguishers shall be close at hand.
- B. Compressed Gas Cylinders shall be handled with care at all times. They shall be properly secured in racks in upright position at all times. They shall not be stored near gas, oil, or other flammable liquids, and separators are recommended between oxygen and acetylene when in storage or in use. If cylinders must be handled by hoisting equipment, they shall be carried in a cradle or similar device, and extreme care shall be taken so they are not dropped. Slings shall not be used.
- C. Flammable Liquids - All volatile and flammable liquids must be stored in and dispensed from approved containers which are clearly identified as to contents.
- D. Explosives - No explosives may be used on the premises without the permission of the plant engineering department. If such permission is granted, explosives shall be handled by properly licensed and experienced personnel. Explosives shall be stored in accordance with all local regulations to prevent fire or explosion.

VII. MACHINERY MECHANIZED EQUIPMENT, AND MOTOR VEHICLES

- A. All tools, machinery, and equipment used by the Contractor shall be adequate for its intended use and shall be in safe operating condition.
- B. All operators shall be experienced in the operation and use of the equipment they operate.
- C. All motor vehicles which are permitted to use roadways inside the plant must be driven by properly licensed operators at a safe rate of speed, not exceeding the maximum speed allowed in the plant. Parking restrictions and all regulations must be observed. When backing any vehicle, the operator must be sure the areas are clear.
- D. Whenever it is necessary to transport men in the body of a truck, the truck must be equipped with seats. If dump trucks are used to transport men, the bed of the truck must be properly secured so it cannot accidentally dump.

VIII. ELECTRICALLY POWERED TOOLS AND EQUIPMENT - All stationary and portable electrically powered tools and equipment used by the Contractor must be grounded before operation is permitted. Three-pronged plugs and receptacles are required by Company standards.

IX. SANITARY CONDITIONS. Unless provided by Armco, the Contractor shall be required to furnish adequate toilet facilities as required by the city, county, state, or federal codes and by the plant where the work is being performed.

- X. EXCAVATIONS must be barricaded day and night, and marked by warning lights at night. Openings in the ground or in floors, such as manholes, valve pits, and sewers, shall be railed off or covered. Where shoring is required, it shall be in accordance with the state safety code applicable, and the standards contained in "Manual of Accident Prevention in Construction" as issued by The Associated General Contractors of America.

XI. GENERAL SAFETY PRECAUTIONS

- A. Ladders and scaffolds and other equipment used on the job must meet the safety code of the state where the work is performed.
- B. Nails - - All protruding nails in boards must be removed or turned down.
- C. Material Piling and Storage - - All materials used for construction shall be safely piled. Materials that have a tendency to roll or move shall be properly secured.
- D. Salamanders used for providing heat for the comfort of employees must be guarded in accordance with the standard established by the plant. All gas-fired salamanders shall be equipped with automatic shut-off regulators and, if located in confined areas, shall be vented to the atmosphere.
- E. Overhead Work - When it is necessary to perform work above the heads of men or where there is a possibility of men passing under overhead work, the danger zone must be roped off and "MEN WORKING OVERHEAD" signs displayed.
- F. Toxic Gases - Whenever it is necessary to perform work in a department, tunnel, basement, sewer or in any place where gas may be present, a carbon monoxide gas test must be taken before starting the job. The test shall be made with a CO detector and explosimeter.
- G. Electric Lines - Crews working on or near live electrical lines must take all safety precautions possible to ensure their personal protection.