

CONTRACT

MEMORANDUM OF AGREEMENT made this 8th day of April 1918, by and between SHELBY IRON COMPANY of Shelby, Ala. hereinafter known as "The Iron Company", and the SHELBY CHEMICAL COMPANY, a corporation, of the State of Delaware, of Memphis, Tenn., hereinafter designated as "The Chemical Company."

WHEREAS, the Iron Company runs and operates two blast furnaces at Shelby Ala., for the manufacture of charcoal pig iron, and owns and controls large acreages of timber lands on which is growing large quantities of cordwood, which it has been cutting and delivering into Shelby for carbonization and manufacture into charcoal by means of kilns or ovens, but with no facilities for the recovery of the by-products of such carbonization, and

WHEREAS, the Chemical Company is organized for the purpose of ~~manufacture~~ of manufacturing charcoal and other byproducts by modern and improved processes of retort distillation, and is desirous of erecting a chemical wood distillation plant consisting of retorts, still house, etc., contiguous to the furnaces of the Iron Company at Shelby Ala., and

WHEREAS, the manufacture of charcoal by the retort distillation process results in the production of a greater number of bushels of charcoal for each cord of wood burned than by the kiln or oven method now being used by the Iron Company, and also results in the production of charcoal of a stronger and more even physical texture than that now produced by the Iron Company, and the Iron Company is therefore desirous of discontinuing a part of its present plant for the production of charcoal, and

WHEREAS, the parties hereto are desirous of agreeing upon the terms and conditions for the erection of said chemical distillation plant, the supply of cordwood to such plant and the manufacture and supply to the Iron Company of charcoal therefrom,

NOW THEREFORE, for and in consideration of the facts recited in the preambles hereto, and of the sum of One Dollar (\$1.00) by each of the parties hereto paid to the other party, the receipt whereof is hereby acknowledged, the parties hereto agree to and with each other as follows:

FIRST: The Iron Company agrees to deliver to the Chemical Company, free of all costs and charges, daily a sufficient quantity of four foot (4 ft.) hard wood commercial cordwood of a merchantable quality to operate the proposed chemical distillation plant of the Chemical Company of a capacity of one hundred (100) cords per day to its maximum capacity.

In the event of future increases in the cost of labor or raw materials, or future decreases in the selling prices of finished product, or either or both of these conditions operating so as to render it unprofitable for either of the companies to operate its plant, it is agreed that the parties hereto will in a fair minded way endeavor to agree upon the payment by the Chemical Company of a portion of the cost to the Iron Company of producing and delivering cordwood, if such changes in conditions should operate to the disadvantage of the Iron Company; or, upon an increase of the conversion charge to be paid by the Iron Company, if such changes in conditions should operate to the disadvantage of the Chemical Company.

If the parties hereto shall be unable to agree upon such readjustment of charges, the Iron Company shall have the right to notify the Chemical Company of its election not to furnish cordwood, upon three months notice in writing, and

shall thereupon cease to be under any obligation to furnish cordwood until such time as the Iron Company shall determine that it is possible for it to operate its plant profitably, and thereupon, upon three months written notice to the Chemical Company, or in less time if such notice is waived by the Chemical Company, the Iron Company shall resume its obligation to deliver wood to the Chemical Company, and said suspensions of obligations to deliver wood shall take effect when and as often as the Iron Company shall determine that it is unable to operate its plant profitably.

During all of said periods of suspension the Chemical Company shall have the right to purchase wood or the right to cut wood from other lands, and shall also have the right to cut wood from lands of the Iron Company for use at said Chemical plant only without compensating the Iron Company therefor.

During all such periods of suspension, and during any periods of shut-down for any cause whatsoever, the Iron Company shall be obligated to take from the Chemical Company only so much charcoal as the Iron Company can conveniently store with its existing facilities for storage of charcoal and such extensions thereof or additions thereto as the Iron Company may from time to time elect to make, and when the limit of storage capacity of the Iron Company has been reached, the Chemical Company shall have the right to dispose of all other charcoal made by it during all periods of suspension or shut-down without accounting to the Iron Company for the sale of such charcoal.

SECOND. The Iron Company will deliver this dry cordwood in cars to the wood loading track of the Chemical Company. Should the cordwood be brought in green or in larger quantities than the daily capacity or requirements of the Chemical Company's plant, the wood is to be delivered and piled in a storage wood yard to be supplied and tracked by the Iron Company. It is mutually agreed that this storage wood yard of the Iron Company shall be dry ground so that wood can be seasoned without deterioration. The wood yard shall be supplied at the Iron Company's cost with tracks properly placed so that in no instance will it be necessary to go further back from said tracks than three ranks of cordwood allowing 3-foot air space between piles at all times. All tracks supplied by the iron Company must be so constructed as not to cause undue deterioration of the iron buggies of the Chemical Company,

The Iron Company shall build tracks from said storage wood yard of the Iron Company to the converging point of the tracks on the charging ends of the retorts of the Chemical Company, or if the system of converging tracks is not used, then to the transfer tables on the charging end of the retorts. The Iron Company shall also construct tracks from its furnace to the wood yard for the return of the empty buggies used in conveying charcoal from the distillation plant to the furnace, and shall also construct tracks from the transfer table on the drawing ^{end} and of the retorts to the furnace trestle where the charcoal is unloaded.

The Chemical Company shall construct all tracks on the charging end of the retorts and all tracks on the drawing end of the retorts up to and including transfer tables; also wood loading track which will parallel the track of the Iron Company running from the ore bins to the wood yard, this loading track to be used for loading buggies from cars.

THIRD: The Iron Company further agrees to deed by good and sufficient deed of general warranty, free from all liens and encumbrances, for the consideration of One Dollar

(\$1.00) sufficient ground on which to erect and construct the plant and buildings of the Chemical Company together with the tracks of the Chemical Company. Inasmuch as the United States Government will be financially interested in the construction of the Chemical Company's plant, it is expressly agreed that said real estate may be deeded to and vested in the United States government during the period of a contract made between the Chemical Company and the United States Government, said contract to extend for the duration of the war.

FOURTH: The Iron Company agrees to furnish to the Chemical Company free of charge approximately 200 HP steam at 100 lbs. pressure or better. This steam will be taken care of by the Chemical Company running its steam line to the header of the Iron Company, and the Iron Company shall be paid for all fuel used in the production of said steam outside of furnace gas.

The Iron Company shall also supply the Chemical Company free of charge with whatever electric energy the Chemical Company may require, which is estimated to be from 50 KW to 75 KW. Electricity will be taken from the Iron Company's plant by wires supplied by the Chemical Company which will attach this wire to the Iron Company's switchboard, and the Iron Company shall be paid for all fuel used in the production of said electricity outside of furnace gas. The Iron Company shall also supply the Chemical Company free of charge with exhaust steam required by the Chemical Company, it being understood that the amount of such exhaust steam shall be no greater than the surplus exhaust steam of the Iron Company.

The Iron Company shall also supply the Chemical Company free of charge with from 700 to 1,000 gallons of spring water per minute at the lowest temperature obtainable.

FIFTH: In addition to the supply of wood and facilities as hereinbefore recited, the Iron Company agrees to pay to the Chemical Company, during the duration of the contract between the Chemical Company and the United States Government, i.e. during the duration of the war, a conversion charge of fifty (50) cents for each cord of wood converted or manufactured by the Chemical Company into charcoal, said cordage to be measured and computed upon the basis of the wood cordage of the buggies charged, and said conversion charge shall apply to all brands or imperfectly charged wood which shall be required to be again put through the retort plant.

SIXTH: In the operation of said charcoal plant, considerable quantities of raw material, such as bags, lime, fuel and miscellaneous supplies are required, and acetate of lime, wood, alcohol, wood tar and other by-products will be shipped out in carload lots. As to these materials and supplies, the Iron Company agrees to do the switching required with its locomotive either from or to the receiving houses of the Chemical Company, the cost of such switching to be borne by mutually satisfactory arrangement, which can be changed at a later date by the Chemical Company purchasing its own locomotive, and in such an event the Chemical Company shall have running rights over the tracks of the Iron Company for the purpose of doing its own switching.

SEVENTH: It is understood and agreed that the Chemical Company shall have the right at any time within two years from the date hereof to require the Iron Company to erect not to exceed thirty six (36) workmen's houses at a cost of not to exceed an average of One Thousand Dollars (\$1,000.00) per house, and should the Chemical Company require the Iron Company to erect any houses, the Iron Company, within a reasonable time, shall erect the same, and the Chemical Company shall pay for the same the cost

thereof plus interest at the rate of 6% per annum in four equal installments maturing six, twelve, eighteen and twenty four months from the date of the completion of each house, and upon the final payment for the same, the Iron Company shall convey the land upon which said houses stand to the Chemical Company.

The Iron Company reserves the right to decline to approve any sites selected by the Chemical Company, and thereupon the Chemical Company shall select new sites subject to the approval of the Iron Company.

EIGHTH: This contract shall extend until April 1st, 1933, with the right upon the part of the Iron Company to extend the same for a further period of five years upon notice in writing to the Chemical Company at any time on or before Oct. 1st, 1932.

Upon the termination of this contract on April 1st, 1933, or at the end of the five year renewal period herein provided, the Chemical Company shall reconvey to the Iron Company all of the lands herein provided to be conveyed to it by the Iron Company, without cost to the Iron Company, free and clear of any encumbrances or liens whatsoever, or if there is any mortgage or there are any mortgages on the same not yet due, the Chemical Company shall pay over to the Iron Company the amount thereof or the amount of any bonds outstanding thereunder, with any accrued interest thereon, and shall, if the Iron Company so elects and so notifies the Chemical Company by notice in writing, mailed to it at least thirty days prior to the termination of this contract or the five year extension thereof, sell to the Iron Company all the improvements, equipment and other personal property placed on said lands by said Chemical Company, and the price to be paid by said Iron Company to said Chemical Company shall be determined in the following manner; each of the parties hereto shall choose one arbitrator, who shall appraise said property and in the event that said two arbitrators cannot agree upon the appraised value thereon, they shall choose an umpire, and the decision of one arbitrator and the umpire shall be conclusive and binding on both parties, provided, however, that should the Iron Company elect not to acquire said properties, the Chemical Company shall have six months time following the termination of this contract or the five year renewal thereof, as the case may be, in which to remove all of the improvements, buildings equipment, machinery and other personal property place on said lands by said Chemical Company, and said Chemical Company shall be obligated to restore said lands to the condition in which they were at the time of the execution of this contract as nearly as may be practicable.

It is understood that the Chemical Company is about to construct its plant under a contract with the United States government, by the terms of which the Chemical Company is to become the owner of the land, buildings, equipment and improvements, if an enabling statute to that effect shall be passed by the Congress of the United States. Therefore, it is distinctly agreed that the foregoing provision as to reconveyance of the lands is subject to the obtaining of the title to said lands by the Chemical Company from the United States government.

At the termination of this contract or the five year renewal period, the Iron Company shall likewise have the option to repurchase the houses which shall have been built by the Iron Company under this contract without cost for the land and upon an appraisement of their value in the manner hereinbefore set forth for the appraisement of the chemical plant, and that during this contract and/or the five year renewal period all repairs and improvements upon the houses shall be made at the cost

of the Chemical Company, and if the Iron Company shall exercise its option to purchase the chemical plant, it shall likewise be obligated to purchase the houses upon the basis hereinbefore set forth.

NINTH. The operation of this contract shall be subject to fires, strikes, accidents acts of God and the public enemy, and all other causes beyond the control of the parties hereto.

TENTH: It is agreed that neither of the parties hereto shall hire or attempt to hire any of the employees of the other company, and that the Chemical Company shall not erect or operate a commissary or mercantile business in connection with its operations, nor shall it make any contracts or arrangements with any person, firm or corporation for a commissary or mercantile department in connection with its business, it being understood that the Iron Company will handle the commissary or mercantile department in connection with the Chemical Company's plant through its commissary department.

ELEVENTH: This agreement shall bind and benefit the parties hereto, their successors and assigns.

This agreement is made and executed by virtue of and in pursuance of resolutions of the Board of Directors of the parties hereto duly passed at meetings of said Boards duly called and held.

IN WITNESS WHEREOF, Shelby Iron Company has caused this instrument to be executed by its President and its corporate seal to be hereunto affixed, and the Shelby Chemical Company has caused this instrument to be executed by its President, and its corporate seal to be hereunto affixed, the day and year first above written..

Attest:

J. G. Hendrick
Asst. Secretary

Attest:

M. A. Boisen
Secretary

THE STATE OF ALABAMA)

SHELBY COUNTY)



SHELBY IRON COMPANY

N. W. Bush--President

Shelby Chemical Company

W. H. Matthews--President

I, L. B. Riddle, Judge of Probate for said County hereby certify that the within instrument was filed in this office for record April 13th 1923 at 9 oclock A.M. and recorded in Vol. 76 record of deeds pages 144 et seq and examined.

L. B. Riddle--Judge of Probate