

Acme Coke
11236 S. Torrence Ave.
Chicago IL 60617



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Savage Industries Coal Delivery 'Letter of Intent'
Dated: June 1990

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June __, 1990

Mr. Gerald E. Vaninetti,
Vice President, Business Development
Savage Industries, Inc.
5250 South, 300 West, Suite 200
Salt Lake City, Utah 84107

Re: Letter of Intent - Coal & Petcoke Delivery Services

Dear Mr. Vaninetti:

This Letter of Intent sets forth the desires of Acme Steel Company ("Acme") to enter into a definitive long term agreement with Savage Industries, Inc. ("Savage") for Savage to supply certain terminal services involving Acme's annual coal and petcoke requirements (as hereinafter defined). This Letter of Intent contemplates that Acme and Savage will negotiate in good faith and execute a mutually acceptable agreement for a minimum ten (10) year contract term (the "Agreement"). We envision the major components of the Agreement to be as follows:

1. Acme would provide approximately thirty (30) acres of suitably zoned land on Torrance Avenue adjacent to Acme's coke plant ("Terminal Property") for monthly lease payments of \$5,000. Lease payments by Savage to Acme would commence upon the initial deliveries to Acme through the Terminal Property. Acme would provide Savage with access and egress to the Terminal Property and its coke plant.
2. Savage would provide terminal services, as hereinafter defined, for all of Acme's requirements of coal and petcoke. Acme currently requires about 790,000 tons of coal and about 60,000 tons of petcoke per year. The Agreement would not contemplate any tonnage minimums nor take-or-pay provisions.
3. Savage would design, engineer, install, own, operate, and maintain facilities (the "Terminal") on the Terminal Property to unload coal and petcoke from barges and rail cars, store such materials, and to weigh and haul such materials via truck to Acme's coke plant on a just-in-time basis ("Terminal Services").

Mr. G.E. Vaninetti

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4. Acme acknowledges that Savage will also be providing Terminal Services to other customers from the Terminal, provided however, that such activities shall not in any way diminish Savage's ability and responsibility to provide Terminal Services to Acme on a first priority basis.
5. Savage would be responsible for all permitting and compliance with local, state, and federal requirements required for Savage to install and operate the Terminal and provide Terminal Services to Acme. Savage would be responsible for any site disturbances, ground water contamination, surface water runoff, and fugitive dust emissions caused by Savage's activities on the Terminal Property.
6. Savage would provide general liability insurance (personal injury and property damage) in the amount of \$2,000,000. Such insurance would insure only the acts or omissions of Savage.
7. In the event of default of either party, the affected party would have the right to assume operating responsibilities and/or acquire the Terminal.
8. Savage would invoice Acme on a bi-monthly basis for deliveries made to Acme. The Base Rates for the two types of Terminal Services contemplated would be as follows:
 - a. Rail Unloading, Storage & Haulage Services \$3.500/ton
 - b. Barge Unloading, Storage & Haulage Services \$2.250/tonThe Base Rates are based on the assumption that a minimum of two thirds of Acme's annual requirements will be delivered to the terminal by rail and the remainder by barge.
9. Savage, by virtue of a separate agreement with the Soo Line Railroad, would credit Acme a "Rail Allowance Base Rate" of \$0.50 per ton for the delivery of each ton of Canadian coal delivered by the Soo Line Railroad to Acme through the Terminal.
10. The Base Rates in items 8. and 9. above, would be subject to periodic cost adjustment tied to governmental indices relative to an April 1, 1990 base. The Base Rates would also be adjusted for substantiated increases in costs resulting from governmental impositions, as such costs are incurred.

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We request that you prepare a draft agreement based on the points defined in this Letter of Intent. In the event that an agreement acceptable to both parties is not executed by _____, 1990, this Letter of Intent will expire automatically, unless extended by mutual agreement.

Sincerely,

L.R. English

AGREED
ACME STEEL COMPANY

AGREED
SAVAGE INDUSTRIES INC.

Brian W. H. Marsden
President

Allen B. Alexander
President

Date _____

Date _____

Those Agents

JERRY SHOPE	DIRECTOR Employee Relations	Acme
DICK STEARN	Asst. Supt. - Coke	"
KEN KNAGA	MGR. Employee Relations	"
Edward Walden	V.P. Gen'l Counsel	"
L.R. English	Manager Raw Mat'l	"
S.D. Bennett	VP - Operations	"
BOB Hickey	ASST GC	"
R J STEFAN	VP Employee Relations	"
A. Look	Gen Mgr - Iron & Raw Mat'l	"
Allen Alexander	Pres. Savage Ind.	
DAVE WOELCH	Exec. V.P. - Savage	
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