

P. O. BOX 792

ARTHUR BROTHERS**INCORPORATED**HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

AFS-76

December 2, 1988

Hoechst Celanese Chemical Group
1250 W. Mockingbird Lane
P.O. Box 569320
Dallas, Texas 75356-9320

Attention: Mr. T. R. Shandley

Re: Maintenance and Construction Service Agreement
December 30, 1985 Through April 30, 1989

Dear Rogers:

In response to your request for further information concerning our letter, AFS-73, of November 21, 1988, we submit the following.

Straight Time Payroll Cost
Revised 12/1/88

	July 85	Sept 85	Sept 86	Sept 87	Sept 88	Change 9/87 to 9/88
FICA	7.05	7.05	7.15	7.51	7.51	NC
SUT	3.08	3.08	4.18	4.28	(1) 4.10	(.18)
FUT	.4	.4	.4	.4	(2) .4	NC
W.C	1.57	2.016	2.67	3.92	6.256	2.336
G.L	.492	.604	.909	1.11	1.65	.54
UMB.	.240	1.101	2.641	2.4	1.0	(1.40)
TOTALS	12.832	14.251	17.95	19.62	20.916	(3) 1.296

Note 1: This rate, (4.10), has changed from the 4.983 rate estimated in our letter (AFS-73), because of two reasons:

#1. Our calculation mistake pointed out in our meeting of November 14, 1988.

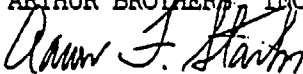
#2. Information from the Texas Employment Commission which indicates the probability of a base rate decrease from 8.77% to 8.35%.

Note 2. This rate (.4), for Federal Unemployment Tax added to the estimated state unemployment tax rate (4.1) constitute the 4.5% we are proposing to delete from our fee in 1989, with the provision that we bill you quarterly at cost, for these taxes.

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Note 3. This indicates a tax and insurance increase of 1.296% for 1989, however, due to the high volume of work in 1988 and the excellent projections for 1989, overhead cost, as percent of sales, has dropped to the point we will be able to absorb these increased cost.

Thank you for your understanding in this matter. If you have further questions, please contact us.

Very truly yours,
ARTHUR BROTHERS, INCORPORATED

Aaron F. Starks
Vice-President

cc: Bay City: C. R. Pennington; A. C. Enlow; R. E. Allen
S. R. Starks

Bishop D. G. Pausky; D. L. Yancey; D. D. Siemonsma;
R. C. Seawright; J. J. Starks

Corpus Christi: R. R. Graham; L. W. Hartman; S. W. Eason;
W. E. Clark

Pampa: R. G. Guard; L. E. Moore; L. T. Johnston;
C. R. Jones; P. D. Ley

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ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

AFS-73

November 21, 1988

Hoechst Celanese Chemical Group
1250 W. Mockingbird Lane
P.O. Box 569320
Dallas, Texas 75356-9320

Attention: Mr. T. R. Shandley

Re: Maintenance and Construction Service Agreement
December 30, 1985 Through April 30, 1989

Dear Rogers:

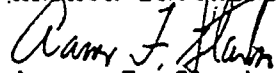
In response to our meeting of November 14, 1988 and our best effort to remain competitive in the fulfillment of the referenced agreement, we resubmit our letter of September 28, 1988, concerning an amendment to Article 10 of the referenced contract to cover increased tax and insurance costs.

We propose to forego the 2.2% fee increase, requested for September 5, 1988, if we can remove the rates from our fee for both State and Federal Unemployment taxes and bill you quarterly, in 1989, at cost. We feel this is important to both of us in light of the uncertainties we face for 1989 and the difficulties in establishing a percentage rate that is equitable in covering these costs.

Attached is the proposed amendment to Article 10 of the referenced contract. We request this amendment be effective December 26, 1988. Please indicate your acceptance of this amendment by signing the attached document. Return the executed copy to Arthur Brothers, Incorporated and keep the original for your files.

Thank you for your understanding in this matter

Very truly yours,
ARTHUR BROTHERS, INCORPORATED


Aaron F. Starks
Vice-President

AFS-73 Page 2

cc: Bay City: C. R. Pennington; A. C. Enlow; R. E. Allen
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R. C. Seawright; J. J. Starks

Corpus Christi: R. R. Graham; L. W. Hartman; S. W. Eason;
W. E. Clark

Pampa: R. G. Guard; L. E. Moore; L. T. Johnston;
C. R. Jones; P. D. Ley

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1989 CONTRACT AMENDMENT

Effective December 26, 1988

ARTICLE 10. CONTRACTOR'S FEE. (a) For providing Labor and supervision therefore Contractor shall be paid in addition to the amount provided in Article 9 hereof, a Fee, which consists of three components, of 30.0% of the direct wage cost attributable to (i) actual straight-time hours worked (ii) the straight-time portion of any overtime hours worked.

The Fee consists of three components (i) 27.0% for all payroll costs, (excluding all State and Federal Unemployment Taxes), employee benefits and small tools (ii) 2.0% for profit and overhead, and (iii) 1.0% for Umbrella Liability Insurance Coverage, as per the following schedule:

Total Annual Direct Wage Cost (Exclusive of Premium Portion of Overtime) \$8,212,564.00 or less

Payroll costs, (excluding all state and federal unemployment taxes), employee benefits, and small tools 27.0%

Umbrella Liability Insurance Coverage 1.0%
(September 5, 1988 through September 3, 1989)
(Renegotiated each like period thereafter)

Overhead and Profit 2.0%

Total Fee: 30.0%

8,212,564.00 or more (including other all clients requiring 5mm coverage)

Payroll costs, (excluding all state and federal unemployment taxes), employee benefits, and small tools 27.0%

Umbrella Liability Insurance Coverage 0.0%

Overhead and Profit 2.0%

Total Fee: 29.0%

Contractor shall be paid a markup equal to 8.5 percent of that portion of Contractor's total direct wage cost attributable to the premium portion of wages paid for overtime hours worked by its authorized employees on authorized work hereunder.

At the end of each quarter, beginning December 26, 1988, Contractor shall bill Company at cost for all State and Federal Unemployment taxes applicable to authorized work hereunder.

It is understood that Company may, in the future, wish Contractor to perform similar work at other Company plants. Such other plants may be added to this Agreement using the same conditions and percentage Fee and markups described herein. The annual period for the work performed at such other plant shall be deemed to have the same commencement date as the annual period hereunder.

Hoechst Celanese

By: _____

Title: _____

Date: _____

Arthur Brothers, Incorporated

By: James L. Hinds

Title: Vice-President

Date: 11-22-88

PURCHASE CONTRACT ADVICE AND ABSTRACT
CELANESE CHEMICAL COMPANY, INC.

CONTRACT NO.

SUPPLIER

ORIGINAL CONTRACT NO. 107-213E

THIS NOTICE DATE:

1-1-77

March 4, 1985

~~Arthur Brothers Inc.~~
COMMODITY/SERVICE

~~Cost Plus Fee - Maintenance Labor~~
FACILITY

~~Bay City, Bishop, CCCTC and Pampa Plants - CCC, Inc.~~
CONTRACT TERM

~~1-1-77 thru 12-31-77 and year to year thereafter~~
TERMINATION RIGHTS AND NOTICE REQUIREMENTS

*Special Note: Terminable by either party at the end of any contract year on at least 60 days prior written notice.

QUANTITY	MAXIMUM	MINIMUM	FIXED	REQUIREMENTS
				☐ PARTIAL ☐ FULL
UNIT PRICE AND F.O.B.			TOTAL DOLLAR VALUE	

Actual wages and salaries plus a fee of 31% on the first \$10MM, then 30.5% on wages & salaries in excess of \$10MM. 13 1/2 % on the premium portion of overtime.

Est. \$15MM in 1985

PRICE CHANGE PROVISIONS

TERMS OF PAYMENT

Subject to approval to CCC., wages & salaries may be changed at anytime.

Weekly, Net 14

SPECIAL FEATURES/REMARKS

New pay schedules for all locations:

1. Bishop - Exhibit A
2. Bay City - Exhibit B
3. Pampa - Exhibit C
4. CCCTC - Exhibit D

DISTRIBUTION - WITH DOCUMENT COPY

Executive Records-Original-Dallas
S.A. Block-Dallas M.J. Amung-Pampa
E.D. Luke-BC L.E. Morre-Pampa
R.E. Allen-BC J.A. Pollard-CCCTC
C.K. Iorio-Bishop L.W. Hartman-CCCTC
J.F. Harper-Bishop M. Kendrick-Head &
D.L. Yancey-Bishop, CER Kendrick, Corpus Christi
A.C. Absbar-Bishop, CER
R.J. Anderson-Bishop, CER

DISTRIBUTION - WITHOUT DOCUMENT COPY

J.A. Bousquet, Jr. - Dallas
E.L. Fejml - Bay City
J.J. Fritsch - Bishop
R.G. Brandt - Bishop, CER
D.R. Lehman - Pampa
G.J. Fisher - CCTC

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T.R. Shandley

ABSTRACTED BY: T.R. Shandley February 27, 1985
DATE

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

February 13, 1985

AFS: 011

Celanese Chemical Company
P. O. Box 47320
Dallas, Texas 75247

Attention: Mr. T. R. Shandley

Re: Cost Plus Fee Maintenance Contract Dated January 1, 1977

Dear Rogers:

Due to the current surplus of qualified personnel and declining wage rates in the various areas, we are proposing a substantial reduction in our wage rates.

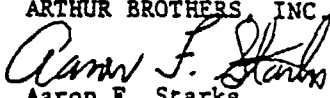
We have carefully reviewed each task being performed under the referenced contract and to the best of our ability, assigned the current prevailing Classification and Wage Rates.

Attached are sample payrolls and invoices; before and after the reductions, for the purpose of comparison. Also, attached are the revised Classification and Pay Rate Schedules. Please note that a "Technician" Class has been added. This is for emergency use only, requiring approval of an Arthur Brothers Corporate Officer after discussion and agreement with a Celanese Manager.

Without doubt, this is a difficult decision because it will cause hardship on the individual employee. However, when considering all the realities, it becomes evident that this is a proper move and in the best interest of all concerned.

We propose that the revised "Classifications and Pay Rates" become effective Monday, March 4, 1985.

We are looking forward to another successful year with your firm.

Very truly yours,
ARTHUR BROTHERS, INC.

Aaron F. Starks
Vice-President

AFS/lb
Enclosures

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ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

February 13, 1985

AFS: 012

Celanese Chemical Company
P. O. Box 47320
Dallas, Texas 75247

Attention: Mr. T. R. Shandley

Re: Cost Plus Fee Maintenance Contract, Dated January 1, 1977
Exhibits A, B, C & D

1985 Contract Revision

The attached Classification and Pay Rate Schedules will become effective and be incorporated in the referenced contract Monday, March 4, 1985 for the respective plants.

Please acknowledge these changes by signing below and returning the copy to us. Please keep the original for your files.

Celanese Chemical Company, Inc.

P. E. Hime



Vice-President Operations

Arthur Brothers, Incorporated

Aaron F. Starks



Vice-President

Exhibit (A)
Bishop

Effective March 4, 1985

Classifications and Pay Rates

A. Salaries

Range

Superintendent	39,000/52,000
General Foreman	30,750/43,700

B. Hourly Rates

1. General

Construction

Maintenance

Administrative Assistant	9.75 - 11.65	
Foreman	.75 - 1.00 above Construction Mechanic A	
Leadman	.50 above craft supervised	
Labor Foreman	11.65	11.65
Technician	12.00 - 14.00	12.00 - 14.00
Mechanic A	11.65	11.42
Mechanic B	11.20	11.00
Mechanic C	10.80	10.60
Mechanic D	10.40	10.20
Utility A	10.00	10.00
Utility B	9.60	9.60
Utility C	9.20	9.20
Helper A	8.80	8.80
Helper B	8.40	8.40
Helper C	8.00	8.00
Utility Service A	7.50	7.50
Utility Service B	7.00	7.00
Utility Service C	6.70	6.70
Service A	6.30	6.30
Service B	6.00	6.00
Service C	5.60	5.60
Clerical	3.50 - 9.50	
Field Buyer	10.00 - 11.65	

2. Warehouse

Rotating Shift

St. Day

St. Evening

Foreman	10.79	10.44	10.79
Utility Service A	7.85	7.50	7.85
Utility Service B	7.35	7.00	7.35
Utility Service C	7.05	6.70	7.05
Service A	6.65	6.30	6.65
Service B	6.35	6.00	6.35
Service C	6.05	5.60	5.95

5.95 a.f.f.

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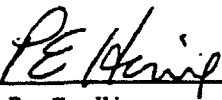
Exhibit (A)
Bishop

Effective Date - March 4, 1985

2. Engineering

Engineer	15.00 - 32.00
Draftsman	6.00 - 23.00
Estimator	6.00 - 23.00
Planner/Scheduler	6.00 - 23.00

ACKNOWLEDGEMENT:



P. E. Hime

CLASSIFICATIONS AND PAY RATES

A. Salaries

Range

Superintendent	39,000/52,000
General Foreman	30,750/43,700

B. Hourly Rates

1. General

Construction

Maintenance

Safety Co-ordinator	12.00	12.00
Foreman	12.50 - 14.50	12.50 - 14.50
Assistant Foreman	.25 - .50 above Mechanic A	
Services Foreman	12.00	12.00
Technician	12.00 - 14.00	12.00 - 14.00
Mechanic A	12.00	11.50
Mechanic B	11.50	11.00
Mechanic C	11.00	10.50
Mechanic D	10.50	10.25
Utility A	10.00	10.00
Utility B	9.25	9.25
Utility C	8.50	8.50
Helper A	9.00	9.00
Helper B	8.50	8.50
Helper C	8.10	8.10
Utility Service A	7.75	7.75
Utility Service B	7.30	7.30
Utility Service C	6.90	6.90
Service A	6.40	6.40
Service B	6.00	6.00
Service C	5.75	5.75
Clerical	5.00 - 10.00	5.00 - 10.00
Leadman	.50 above craft supervised	

2. Assigned

Rotating Shift

St. Day

St. Evening

Warehouse Foreman	12.35	12.00	12.35
Utility A	10.35	10.00	10.35
Utility B	9.60	9.25	9.60
Utility C	8.85	8.50	8.85
Utility Service A	9.35	9.00	9.35
Utility Service B	8.85	8.50	8.85
Utility Service C	8.45	8.10	8.45

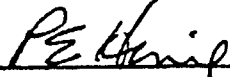
Exhibit (B)
Bay City

Effective Date - March 4, 1985

Page 2 of 2

<u>2. Assigned</u>	<u>Rotating Shift</u>	<u>St. Day</u>	<u>St. Evening</u>
Service A	6.75	6.40	6.75
Service B	6.35	6.00	6.35
Service C	6.10	5.75	6.10

ACKNOWLEDGEMENT:



P. E. Hime

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Effective Date - March 4, 1985

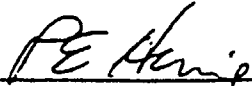
Exhibit (C)

Pampa

CLASSIFICATIONS AND PAY RATES

<u>A.</u>	<u>Salaries</u>	<u>Range</u>
	Superintendent	39,000/52,000
	Assistant Superintendent	33,350/46,200
	General Foreman	30,750/43,700
<u>B.</u>	<u>Hourly Rates</u>	<u>Maintenance</u>
	Foreman (above craft supervised)	.75 - 1.00
	Leadman (above craft supervised)	.50
	Technician	12.00 - 14.00
	Mechanic A	11.50
	Mechanic B	10.75
	Mechanic C	10.00
	Utility A	10.00
	Utility B	9.60
	Utility C	9.20
	Helper A	8.90
	Helper B	8.50
	Helper C	8.10
	Utility Service A	7.90
	Utility Service B	7.50
	Utility Service C	7.10
	Service A	6.80
	Service B	6.40
	Service C	6.00
	Clerical	5.00 - 10.00
	Engineer	17.50 - 36.00
	20.00/diem/day for 1 month	
	Draftsman	10.75 - 23.50
	15.00/diem/day for 1 month	

ACKNOWLEDGEMENT


P. E. Hime

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Exhibit (D)
Corpus Christi

Effective Date - March 4, 1985.

Classifications and Pay Rates

A. Salaries

Range

Superintendent	39,000/52,000
General Foreman	30,750/43,700

B. Hourly Rates

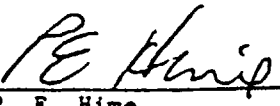
1. General

Construction

Maintenance

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Foreman	.75 - 1.00 above Construction Mechanic A	
Leadman	.50 above craft supervised	
Labor Foreman	11.65	11.42
Technician	12.00 - 14.00	12.00 - 14.00
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Mechanic B	11.20	11.00
Mechanic C	10.80	10.60
Mechanic D	10.40	10.20
Utility A	10.00	10.00
Utility B	9.60	9.60
Utility C	9.20	9.20
Helper A	8.80	8.80
Helper B	8.40	8.40
Helper C	8.00	8.00
Utility Service A	7.50	7.50
Utility Service B	7.00	7.00
Utility Service C	6.70	6.70
Service A	6.30	6.30
Service B	6.00	6.00
Service C	5.60	5.60
Clerical	3.50 - 9.50	
Field Buyer	10.00 - 11.65	
2. <u>Engineering</u>		
Engineer	15.00 - 32.00	
Draftsman	6.00 - 23.00	

ACKNOWLEDGEMENT


P. E. Hime

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P. O. BOX 782

TELEPHONE 592-8416

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

1985 Contract Revision Summary

Twelve Month Savings Based on 1984 Volume:

Bishop	\$1,301,836.23
Bay City	287,245.64
Pampa	248,915.34
Corpus Christi	37,291.65
Total Savings:	<u>\$1,875,288.86</u>

1984 Volume \$17,737,660.48

Percent Reduction Based on 1984 Volume 10.57%

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