



CONSTRUCTION CONTRACT NO. 13979-LQ
FORM R-379-1

EXHIBIT A: Scope of The Work and its Performance

To that certain Contract dated October 16, 1989 by and between
Reynolds Metals Company-Sherwin Plant and
Gilman Insulation Company, Incorporated

SCOPE: Except as otherwise expressly provided herein, and at Owner's Sherwin Plant, Contractor shall furnish all labor, supervision, tools, transportation and equipment to perform emergency asbestos abatement and insulation repairs as needed. Work to be completed by 12/31/89.

-SUPPLEMENTAL TERMS AND CONDITIONS - Form R-380-1

-AFFIDAVIT, RELEASE AND WAIVER OF LIENS - From R-379-5

-SAFETY POLICY PROCEDURE #151

-SPECIFICATION WS-LQ-192 R/10 dated 12/19/69 and entitled -
"CONTRACTOR'S GENERAL WORK CONDITIONS" and all referenced documents

-"POLICY ON SUBSTANCE CONTROL" - RMC Form R-379-8

-Contractor to acknowledge its duty to review pertinent Material Safety Data Sheets (MSDS's) available at Owner's jobsite and to take appropriate precautions regarding exposure of its employees or subcontractors. Contractor will advise Owner of any hazardous substances it or its subcontractors bring on to Owner's premises.

-SUBCONTRACTED WORK: This Contract is based on all work being performed solely by Contractor without any subcontracting of sub-portions of The Work.

-EMPLOYEE INFORMATION: Furnish a list of your employees who will be working on this job (and changes as they occur) to our Security Department. Contractor to also have read and signed MSHA Hazard Training Information Sheet which will be furnished by the Project Engineer prior to beginning of work. Each of Contractor's Employees will carry an identification badge with number while on Owner's property.

-Seller shall determine whether the product(s) purchased through this order are hazardous substances as defined by OSHA and DPA in 29CFR S1910.1200 and 40 CFR S370.2, if it has not already done so, shall provide Buyer with current Material Safety Data Sheets (MSDS's) for such product(s), showing the EPA HAZARD NUMBER. MSDS's shall be directed to Stan Millsap.

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-SPECIAL INSTRUCTIONS: Reynolds Metals CO.-Sherwin Plant is subject to the Safety Standards of Mine Safety and Health Administration. Contractor and any sub-contractors employed by Contractor will comply with Mine Safety and Health Administration Standards on all materials and work which Contractor or subcontractor performs.

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W/O 004535

B.Hamblin/E.Peterson/J.Barbee
(Fac.300 Insulation Repairs)

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CONSTRUCTION CONTRACT
FORM R-379-2

EXHIBIT B: Compensations and Payments

To that certain Contract dated October 16, 1989 by and between
Reynolds Metals Company-Sherwin Plating
Gilman Insulation Company, Incorporated

- AMOUNT TO BE PAID: For the strict performance of all Contractor's obligations hereunder, Contractor will be paid by Owner a Lump Sum amount of NINETY-EIGHT THOUSAND DOLLARS (\$98,000.00).
- COST OF ADDITIONAL WORK: The cost of extra work which may be later added to this job, whether performed by Contractor or Subcontractor, will be agreed upon in writing and incorporated in this Contract prior to commencement of the work.
- PROGRESS PAYMENTS: As soon as practicable after the end of each calendar month, or at more frequent intervals if Owner should so elect, Progress Payments for the Lump Sum portion of this Contract will be made on ninety (90%) percent of the estimated portions of The Work accomplished, less the aggregate of all previous payments, such estimate to be approved by Owner. Materials delivered on The Site and not incorporated in The Work and preparatory work accomplished may be included in the estimates by Contractor. Progress Payments for materials not incorporated in The Work shall not be made unless Contractor submits documents which Owner may require. Contractor will submit to Owner an application for each payment. Payment terms will be Net 10 Days.
- FINAL PAYMENT: Upon completion and final acceptance of all the work required by this Contract, Contractor shall submit two (2) completed "Affidavit, Release and Waiver of Liens," Form R-379-5, which are attached for this purpose, and then the amount due Contractor under this Contract and then unpaid shall be paid upon presentation of a properly executed and duly certified invoice therefor. If Contractor's claim to amounts payable under this Contract has been assigned, such a release may also be required from the Assignee.

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W/O 004535

B.Hamblin/E.Peterson/J.Barbee
(Fac.300 Insulation Repairs)

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CONSTRUCTION CONTRACT NO. 13979-10.10.1989

This contract ("Contract") is entered into as of October 16, 19 89, between REYNOLDS METALS COMPANY, a corporation with offices at Richmond, Virginia ("Owner"), and GILMAN INSULATION COMPANY, INCORPORATED, a corporation with offices at Corpus Christi, Texas ("Contractor").

The parties, acknowledging mutual consideration and intending to be legally bound, agree as follows:

1. **SCOPE OF THE WORK.** Except as otherwise provided in this Contract, Contractor shall furnish all of the supervision, materials, equipment, tools, supplies and services required for the complete performance of all of the work (the "Work") described or shown in (i) Exhibit A, attached to and made a part of this Contract, (ii) the specifications identified in Exhibit A and (iii) the drawings identified in Exhibit A. The term "Specifications" means the specifications identified in Exhibit A and any additional or revised specifications furnished to Contractor by Owner. The term "Drawings" means the drawings identified in Exhibit A and any additional or revised drawings furnished to Contractor by Owner. The Specifications and Drawings shall be a part of this Contract.

2. TIME OF COMPLETION; EXTENSIONS.

(a) Contractor shall commence the Work no later than 10/16/89 and shall complete the Work in its entirety no later than 12/31/89. Contractor acknowledges that Owner may require completion of certain facilities, phases or subdivisions of the Work ahead of others, and Contractor shall diligently and expeditiously perform the Work in the sequence required by Owner.

(b) Contractor understands and agrees that time is of the essence in its performance of the Work and of each of its obligations under this Contract.

(c) If Contractor is delayed at any time in the performance of the Work by any act or neglect of Owner or by Owner's issuance of any change notice and, if Contractor provides Owner with a written request for an extension of time within seven days of such event, Owner shall extend the time of completion by such reasonable time as Owner may determine.

3. CONTRACTOR'S COMPENSATION.

(a) For the strict performance of all of Contractor's obligations under this Contract, Owner shall pay Contractor in accordance with Exhibit B, attached to and made a part of this Contract.

(b) Notwithstanding anything in this Contract to the contrary, neither final payment nor any other payment to Contractor under this Contract shall (i) constitute final acceptance of the Work, (ii) be evidence of the satisfactory performance of the Work by Contractor, either in whole or in part, or (iii) relieve Contractor of any liability to Owner for Contractor's breach of any of its obligations or warranties under this Contract.

4. CHANGES IN THE WORK.

(a) Owner shall have the right to (i) make changes in any work performed or to be performed, (ii) require additional work or (iii) require the deletion of work previously ordered. The provisions of this Contract shall apply to all changed and added work with the same effect as if such work had been originally included in the Work.

(b) Owner shall furnish Contractor with a written change notice describing any changes, additions or deletions to the Work. Owner shall not be required to notify Contractor's sureties of such changes, additions or deletions.

(c) If any changed or deleted portion of the Work was to have been performed on a lump sum basis and if, within 30 days of Owner's notice to change or delete such portion, the parties have not agreed in writing as to how such change or deletion is to affect Contractor's compensation under this Contract, Owner may make an equitable adjustment to the amount of compensation to be paid to Contractor under this Contract. Before making such adjustment, Owner shall request documentation relating to such change or deletion from Contractor, and Contractor shall promptly provide such documentation to Owner.

(d) ~~This is a lump sum contract and if, prior to the time that Contractor has been directed to commence any additional work, Owner and Contractor have not agreed in writing as to the additional compensation to be paid to Contractor for performing such additional work, Contractor shall perform such additional work on a cost plus basis, in which case Contractor shall furnish (i) all required labor at base wage rates, plus a fee of _____ percent (____%) thereof to cover Contractor's indirect costs, overhead and profit, plus Contractor's actual costs for established benefits, payroll taxes and insurance attributable to such labor, (ii) all required materials at its actual cost, plus a fee of _____ percent (____%) thereof to cover Contractor's overhead and profit, (iii) all required subcontracted work at its actual cost, plus a fee of _____ percent (____%) thereof to cover Contractor's overhead and profit, (iv) all required construction equipment at Contractor's published rental rates, if such equipment is owned by Contractor, or at Contractor's actual cost, plus a fee of _____ percent (____%) thereof to cover Contractor's overhead and profit, if such equipment is owned by a third party, and (v) all required home office engineering at _____ Dollars (\$____) per hour to cover Contractor's direct and indirect costs, overhead and profit.~~

(e) If (i) Contractor believes that any change to the Work will increase its cost to perform the Work, (ii) the parties have not agreed in writing as to how such change is to affect Contractor's compensation under this Contract prior to the time that Contractor has been directed to commence such changed work and (iii) the changed work was to have been performed on a lump sum basis, Contractor, upon request, shall be entitled to an equitable adjustment to the amount of compensation it is to receive under this Contract. Such request shall (i) be in writing, (ii) be submitted not later than 15 days following Contractor's receipt of Owner's written change notice and (iii) include detailed support for the requested adjustment. Notwithstanding the foregoing, Contractor shall not be entitled to any adjustment if it fails to submit its request within the required time period or if it fails to provide detailed written support for such adjustment.

(f) No change, addition or deletion ordered by Owner in accordance with this section shall be deemed to be a termination of this Contract, either in whole or in part.

5. EXAMINATION OF WORKSITE, SPECIFICATIONS, DRAWINGS AND OTHER DOCUMENTS.

(a) Contractor certifies that it has carefully examined the worksite and is familiar with all physical and climatic conditions affecting the Work, or has had full opportunity to do so, and has satisfied itself that it fully understands the facilities, difficulties and restrictions involved with the performance of the Work. Contractor further certifies that it has thoroughly examined the Specifications, Drawings and other documents pertaining to the Work, or has had full opportunity to do so.

(b) Contractor shall not assert any failure to receive or examine any form, instrument, drawing or other document or any failure to visit the worksite and acquaint itself with existing conditions to relieve itself from any obligation under this Contract.

(c) Contractor warrants and represents that where the Specifications and Drawings as to any part of the Work require a given result to be produced, the Specifications and Drawings are adequate and that Contractor is competent to produce the required result. Contractor shall not make any claim for any additional compensation because of actual or alleged difficulties in the production of the required results.

6. CHANGED CONDITIONS.

(a) Contractor shall give Owner written notice before existing conditions at the worksite are disturbed if Contractor encounters (i) subsurface or latent conditions which differ materially from those shown on the Drawings or indicated in the Specifications or which may have been reasonably inferred therefrom or (ii) unknown conditions of an unusual nature which differ materially from those ordinarily encountered and generally recognized as being inherent in work of the character to be performed under this Contract. Owner shall issue a written change notice in accordance with section 4 if, in Owner's opinion, Contractor could not have discovered such conditions from a reasonable inspection of the worksite prior to entering into this Contract.

(b) No allowance or extra payment shall be made to Contractor or any of its subcontractors for or on account of costs or expenses occasioned by Contractor's failure to comply with the provisions of section 6(a). The term "subcontractors" means subcontractors of all tiers.

7. LICENSES, PERMITS AND NOTICES.

(a) Except as otherwise provided in this Contract, Contractor shall obtain and pay for all required consents, approvals, licenses and permits and shall give all required notices.

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(h) Owner shall have no obligation of nondisclosure or nonuse with respect to any information furnished by Contractor or any of its subcontractors, except as may be expressed in an agreement signed by an officer of Owner.

40. **CONTINUATION OF THE WORK.** In the event of a dispute or controversy between Owner and Contractor or between Contractor and any other person (including, but not limited to, a dispute or controversy relating to this Contract or the interpretation of any Contract documents, the performance of any portion of the Work or the payment of any money), Contractor shall, unless otherwise directed by Owner, continue to perform the Work without interruption pending the resolution or settlement thereof, and Contractor shall not, either directly or indirectly, stop or delay the performance of the Work.

41. **COMPLIANCE WITH APPLICABLE LAWS.** Contractor shall comply with all applicable statutes, laws, ordinances, codes, orders, rules, regulations, proclamations and other governmental requirements, and all provisions required thereby to be included in this Contract are incorporated by reference; provided, however, that if Owner has specified standards more stringent than those provided in such statutes, laws, ordinances, codes, orders, rules, regulations, proclamations and governmental requirements, Contractor shall comply with such more stringent standards.

42. **SETOFF.** Owner shall be entitled to setoff any amount owed by Owner in connection with this Contract against any amount owed to Owner or any of Owner's affiliates by Contractor or any of Contractor's affiliates.

43. **REMEDIES ARE CUMULATIVE.** Each of Owner's rights and remedies under this Contract and each warranty made by Contractor shall be cumulative and in addition to any other or further rights, remedies or warranties in this Contract or provided by law or in equity.

44. **WAIVER OF JURY TRIAL.** Each of the parties hereby waives its right to a trial by jury with respect to any claim or dispute which is in any way connected with, arises out of or results from this Contract or any of the work performed or to be performed under this Contract.

45. **WAIVER.** Owner shall not be deemed to have waived any right, power, privilege or remedy unless such waiver is in writing and duly executed by it. No failure to exercise, delay in exercising or course of dealing with respect to any right, power, privilege or remedy shall operate as a waiver thereof by Owner or of any other right, power, privilege or remedy. No exercise or partial exercise of any right, power, privilege or remedy shall preclude any other or further exercise thereof by Owner or the exercise of any other right, power, privilege or remedy by Owner.

46. **SEVERABILITY.** If any provision of this Contract, whether a section, sentence or any portion thereof, is determined by a court of competent jurisdiction to be null and void or unenforceable, such provision shall be deemed to be severed, and the remaining provisions of this Contract shall remain in full force and effect.

47. **GOVERNING LAW.** The laws of the state of the worksite shall govern the validity, interpretation, construction and effect of this Contract.

48. **INTERPRETATION.** The headings in this Contract are for convenience of reference only and shall not affect its interpretation or construction. When used in this Contract, the singular form shall include the plural, and vice versa. The terms "herein", "hereinbefore", "hereinafter", "hereunder" and "hereof" shall refer to the entirety of this Contract and shall not be limited in applicability to the section in which they appear.

49. **NOTICES.**

(a) Notices required or permitted by this Contract shall be in writing and shall be delivered to the following address of the party to be notified:

If to Owner:

REYNOLDS METALS COMPANY

P.O. Box 27003

Richmond, VA 23261

Attn: Corporate Secretary

with a copy to:

REYNOLDS METALS COMPANY-Sherwin Plant

P.O. Box 9911

Corpus Christi, TX 78469

Attn: Frank Strickland

If to Contractor:

GILMAN INSULATION COMPANY, INCORPORATED

Box 4074

Corpus Christi, TX 78469

Attn: Bill Hough

A party may change its address for purposes of this section by giving the other party notice to that effect. A notice shall be considered given or made when delivered, unless mailed by prepaid U.S. express, registered or certified mail, with mailing evidenced by a receipt from the U.S. Postal Service, in which case it shall be considered given or made five days after mailing or when delivered, whichever first occurs.

50. **ENTIRE AGREEMENT.** This Contract, as to its subject matter, exclusively and completely states the rights and duties of the parties, sets forth their entire understanding and merges all prior and contemporaneous representations, promises, proposals, discussions and understandings by or between the parties. Except as provided in section 4, this Contract may be amended only by another written agreement duly executed by the parties.

Each of the parties therefore has caused this Contract to be executed by its duly authorized representative.

REYNOLDS METALS COMPANY, -Sherwin Plant

(Owner)

By



Frank Strickland

(Typed or printed name)

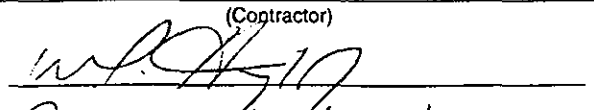
Title

Purchasing Manager

GILMAN INSULATION COMPANY, INCORPORATED

(Contractor)

By



W. T. Hough Jr.

(Typed or printed name)

Title

President