

**PURCHASE CONTRACT ADVICE AND ABSTRACT
CELANESE CHEMICAL COMPANY, INC.**

PLAINTIFF'S EXHIBIT

CEL-1417

CONTRACT NO. 014-456

SUPPLIER

Arthur Brothers, Inc.

COMMODITY/SERVICE

Maintenance and miscellaneous construction services

FACILITY

Bishop, Corpus Christi, Bay City and Pampa

CONTRACT TERM

3 years beginning December 30, 1985

TERMINATION RIGHTS AND NOTICE REQUIREMENTS

Contract is on an "as needed" basis

QUANTITY	MAXIMUM	MINIMUM	FIXED	REQUIREMENTS ☒ PARTIAL ☐ FULL
UNIT PRICE AND F.O.B. Markups - up to \$10,000,000 annual direct wages - <u>30.5%</u> of which 3.5% is for insurance *(cont'd) Over \$10,000,000 annual direct wages - <u>27.5%</u> of which .5% is for insurance				TOTAL DOLLAR VALUE Estimated value for 3 years is over \$45,000,000
PRICE CHANGE PROVISIONS				TERMS OF PAYMENT

SPECIAL FEATURES/REMARKS

This amendment increases the markup for liability insurance by 3% from .5% to 3.5% on the first \$10,000,000 annual direct wages. See supplement letter TRS-127-86 for additional requirements.

*(cont'd) Overtime markup is 10.8% applicable to the premium portion of overtime.

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16876

ABSTRACTED BY: T.R. Shelly 11/24/86

 CELANESE
CHEMICAL COMPANY, INC.

TRS-127-86

November 3, 1986

RECEIVED
NOV 17 1986

Mr. Aaron Starks
Arthur Brothers Inc.
P. O. Box 792
Kingsville, Texas 78363

**re: Maintenance and Construction Services Contract
Increased Liability Insurance Cost**

Dear Aaron:

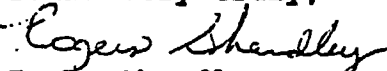
Attached is the signed acknowledgement copy of your October 23, 1986 letter. This letter is signed on the additional conditions.

ABI will furnish T. R. Shandley, Dallas Office, the following information:

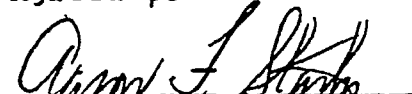
1. Quarterly ABI will furnish the accumulated direct wage costs billed to Celanese beginning September 8, 1986.
2. ABI will promptly notify Celanese when the \$10MM direct wage expenditure is reached.
3. ABI will require any other customer to pay their equal share of the liability premium and Celanese will be credited that amount. ABI will notify Celanese on a quarterly basis of all insurance costs received from other customers.
4. ABI agrees to continue to work closely with Employers Casualty to reduce the liability insurance premium cost for the 9/87 through 9/88 contract period.

Please acknowledge ABI's agreement to the above conditions by signing and returning one copy of this letter to my attention.

Yours very truly,


T. R. Shandley

Agreed to


Aaron F. Starks
Vice-President

TRS:cp

16877

Interoffice Memorandum



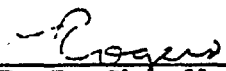
TO (Name and Location)		RECEIVED	DATE
P. E. Hime			November 3, 1986
FROM (Name and Location)		NOV 07 1986	REFERENCE NO.
T. R. Shandley			TRS-126-86

**Re: Arthur Brothers Inc., Maintenance and Construction Services
Contract - Increased Liability Insurance Premium**

The attached letters from ABI outlines the details of their increased cost of liability insurance for \$5.5MM coverage in lieu of the \$15.5MM coverage that ABI had at the time the contract was negotiated. Also contained in the letter is the increase in the contract markup to cover their new insurance premiums. The contract markup will be increased by 3.0% on the first \$10,000,000 of billed annual wage cost.

The period of the insurance coverage is from September 8, 1986 through September 6, 1987. We will review ABI's insurance premiums at that time. Our insurance department stated that ABI's insurer probably has the best costs at this time.

Please sign the letters on the first three pages, all marked with a red clip. The letters are to be returned to me for distribution.



T. R. Shandley

TRS:cp

cc: J. T. Cockburn

16878

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

October 23, 1986

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

Attention: Mr. T. R. Shandley, Purchasing Manager

Re: Cost Plus Fee Maintenance and Construction Services

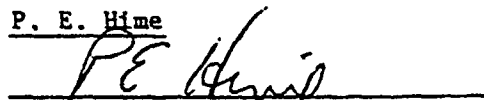
Dear Rogers:

Because of the uncontrolled increased cost of liability insurance, we propose to amend the referenced contract as per attachment.

Please acknowledge this amendment by signing below and returning the copy to us. Please keep the original for your file.

Celanese Chemical Company, Inc.

P. E. Hime



Vice-President Operations

Arthur Brothers, Inc.

Aaron F. Starks



Vice-President

1986 CONTRACT AMENDMENT

ARTICLE 10. CONTRACTOR'S FEE. (a) For providing labor and supervision therefor Contractor shall be paid in addition to the amount provided in Article 9 hereof, a Fee, which consists of three components, of 30.5% 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) 25% for all payroll costs, employees benefits and small tools (ii) 2.0% for profit and overhead, and (iii) 3.5% for General and Umbrella Liability Insurance Coverage, as per the following schedule:

SEPTEMBER 8, 1986 THRU SEPTEMBER 6, 1987

Total Annual Direct Wage Cost (Exclusive of Premium Portion of Overtime)

\$10,000,000 or less

Payroll costs, employee benefits, and small tools	25.0%
General and Umbrella Liability Insurance Coverage (Renegotiated each like period thereafter)	3.5%
Overhead and Profit	2.0%
Total Fee:	<u>30.5%</u>

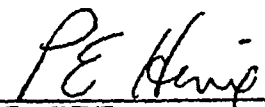
\$10,000,000 or more

Payroll costs, employee benefits, and small tools	25.0%
General and Umbrella Liability Insurance Coverage	.5%
Overhead and Profit	2.0%
Total Fee:	<u>27.5%</u>

Contractor shall be paid a markup equal to 10.8 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.

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.

ACKNOWLEDGEMENT:



P. E. HIME

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

October 27, 1986

RECEIVED
OCT 29 1986

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

Attn: Mr. T. R. Shandley, Purchasing Manager

Re: Cost Plus Fee Maintenance & Construction Services Contract

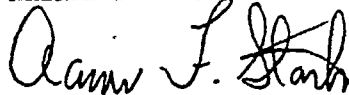
Dear Rogers:

Attached is a copy of our Liability Policy Renewal Premiums,
as you requested.

If you need any additional information, please give me a call.

Thank you for your help and understanding in this matter.

Very truly yours,
ARTHUR BROTHERS INC.



Aaron F. Starks
Vice-President

AFS/1b
Enclosure

16881

YOUR WAY OF PROTECTION



EMPLOYERS CASUALTY COMPANY

4501 GOLLIHAR | CORPUS CHRISTI, TEXAS 78411

(512) 853-0171

JERRY J. CRIDER, Senior Marketing Executive

October 24, 1986

Arthur Brothers, Inc.
P.O. Box 792
Kingsville, Texas 78363

RE: Premiums Calculations for 9/7/86-87

Dear Larry:

Please find below the annual premium for the renewal policy year:

	<u>Limits</u>	<u>Premium</u>	<u>Payment Basis</u>
Texas Multi-Peril Liability Policy	\$500,000 CSL	\$105,204	25% down/balance in 9 mo. installments
Excess Liability Policy	\$500,000	\$70,000	" "
Umbrella Liability Policy	\$1,000,000	\$130,575	" "
Umbrella Liability Excess Limits	\$3,500,000	\$84,545	" "

If you need any additional information, please give me a call. We appreciate your business.

Sincerely,


Jerry Crider

JC/sa

16882

ALSO REPRESENTING:

AMERICAN OVERSEAS INSURANCE COMPANY | EMPLOYERS NATIONAL INSURANCE COMPANY | EMPLOYERS NATIONAL LIFE INSURANCE COMPANY