

Interoffice Memo

Hoechst Celanese

PLAINTIFF'S EXHIBIT

CEL-1422

Date: April 17, 1989

To: E. H. Munoz

From: D. G. Pausky
DGP-95-89

Dept/Location: Chatham

Dept/Location: Bishop

Subject: MAINTENANCE SERVICES CONTRACT AT BISHOP, TEXAS

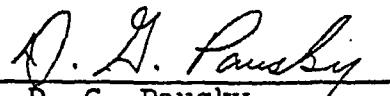
Bishop requests approval for a cost plus percentage markup maintenance and selective services contract for the Bishop Plant to be awarded to Arthur Brothers, Inc. The contract is valued at \$6 million and the term is for nine (9) months, May 1, 1989 to January 31, 1990. A contract abstract is attached for approval signatures.

Arthur Brothers, Inc. (ABI) has held the maintenance contract at the Bishop, Texas plant for over forty years. They have provided contract labor for plant maintenance, warehousing, construction, and bagging. The current contract expires on April 30, 1989.

A Southwest Region Task Force composed of key maintenance and purchasing personnel from the Bishop, Pampa, Clear Lake, Bayport, Bay City, Dallas, and Corpus Christi Technical Center sites evaluated seven (7) potential contractors of maintenance services. Of these, three (3) were selected to prepare formal bid proposals (Arthur Brothers, Inc., Mundy Company, and Fluor Daniels). The Task Force recommended a three year regional contract be awarded to the Mundy Company over all other contractors for all sites. With the exception of Bishop, the remaining Hoechst Celanese Texas locations are accepting the Task Force recommendation of Mundy Company.

Bishop and EPD Management are sensitive to the termination of such a long term relationship with ABI (a Kingsville owned business), and the potential negative reaction in the local community. Bishop recognizes the relative weaknesses of ABI among maintenance contractors, but believes that it is appropriate to allow ABI an additional opportunity to improve upon its performance and value as our business partner before terminating such a long term relationship. Areas of performance deficiency and expectations of improvements will be identified for ABI as a supplement to the actual contract.

If ABI's performance as a maintenance contractor at Bishop does not show satisfactory progress as outlined in the supplement, Bishop will reconsider its position. The Bishop plant can be added to the Mundy Company contract utilized at all other Texas Plants at any time, up to January 31, 1990.


D. G. Pausky

DGP:CH

cc: W. M. Beaty - Chatham
J. J. Conway

16911

Hoechst 

Colley Wilmette - Bishop

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

AFS-21-89

February 27, 1989

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

Attention: Mr. Rogers Shandley

Re: Invitation to submit proposal
for a Maintenance and Construction
Labor Contract TRS-012-89 February 8, 1989

Dear Rogers:

Arthur Brothers, Incorporated (ABI), appreciates the opportunity to bid on the referenced contract and is pleased to submit the following proposals for Bishop, Bay City, Corpus Christi and Pampa.

Submittal "A"

1. Classifications, Pay Rates and Pay Practices

See Attached Exhibits

Exhibit A. Bishop Classifications, Pay Rates and Pay Practices

Exhibit B. Bay City Classifications, Pay Rates and Pay Practices

Exhibit C. Pampa Classifications, Pay Rates and Pay Practices

Exhibit D. Corpus Christi Classifications, Pay Rates and Pay Practices

Effective date - May 1, 1989

Page 1 of 3

Classifications, Pay Rates and Pay Practices

A. <u>Salaries</u>	<u>Range</u>
Superintendent	40,000/54,000
General Foreman	31,500/45,000
Foreman	26,000/36,500

B. Standard Hourly Rates

1. General

Administrative Assistant	9.00 - 11.00
Technician	12.00 - 20.00
Mechanic A	11.50
Mechanic B	10.90
Mechanic C	10.30
Mechanic D	9.90
Utility A	9.45
Utility B	9.07
Utility C	8.69
Helper A	8.32
Helper B	7.94
Helper C	7.56
Utility Service A	7.09
Utility Service B	6.62
Utility Service C	6.33
Service A	5.95
Service B	5.67
Service C	5.29
Clerical	3.50 - 9.50
Field Buyer	9.00 - 11.50
Leadman	.50 above craft supervised
Temporary Foreman	1.00 above craft supervised

Bishop
EXHIBIT "A"

Effective Date - May 1, 1989

2. Warehouse	Rotating Shift	St. Day	St. Evening
Utility Service A	7.42	7.09	7.42
Utility Service B	6.95	6.62	6.95
Utility Service C	6.66	6.33	6.66
Service A	6.28	5.95	6.28
Service B	6.00	5.67	6.00
Service C	5.62	5.29	5.62

3. Engineering

Engineer	12.00 - 30.00
Draftsman	6.00 - 20.00
Estimator	6.00 - 20.00
Planner/Scheduler	6.00 - 20.00

C. Premium Hourly Rates

Premium Hourly Rates shall be paid at the rate of One and one-half (1-1/2) the employees Standard Hourly Rates. Premium time shall be defined as all hours worked in excess of eight hours (8) in a work day or in excess of forty hours (40) hours in a work week.

D. Pay Practices

(1) Holiday, Sick Leave, Vacation and Jury Duty.

The following shall be recognized hereunder a contractor's Holidays.

July 4	Thanksgiving
Labor DAY	Christmas

- (a) Hourly Employees - Company shall pay Contractor for any such holiday at 1-1/2 times the standard time pay rates however, Contractor shall not be paid for hours not worked, such as any illness, vacation or jury duty, for any of Contractor's hourly employees except with the written approval of the Company representative.

Effective May 1, 1989

- (b) Salaried Employees - Company shall pay Contractor for all salaried employees at a weekly rate of 1/52 their annual salary except for sick leave which extends beyond three (3) days, all vacations and the four recognized Contractor holidays.

(2) Call Out Pay

Company shall pay contractor for work on a "call out" basis at Company's request, outside the Contractor's employees regular scheduled shift at 1-1/2 times standard rate for hours actually worked; however, if work extends into regular hours, then call out pay applies only to hours worked outside the regular scheduled shift. If Contractor's employee called out works less the four (4) hours and hours worked do not extend into the regular shift, Contractor will be reimbursed for four (4) hours at the standard rate or for hours actually worked at 1-1/2 times the standard rate, whichever is greater.

(3) Show Up Pay

Company shall pay Contractor two (2) hours "show up" pay, at the standard rate, for any contractor employee who reports for his regular scheduled shift but is prohibited from working for any cause beyond Contractor's control.

Class Descriptions and Qualifications

Mechanic A.

Skilled, experienced, capable and responsible to perform all phases of one or more of the following crafts: Instrument Mechanic, Electrician, Machinist, Pipe Welder (carbon & alloys), Pipefitter, Rigger, Boilermaker, Equipment Operator (heavy), Diesel engine mechanics, Insulators, Painter, Carpenter and Iron Workers

Mechanic B.

Gradient of Mechanic A. Skilled, experienced, capable and responsible to perform all phases of one or more of the following crafts: Carpenter (rough), Painter (brush), Pipe Welder (carbon), Iron Worker/Welder (Structural), Iron Worker (rebar).

Mechanic C.

Gradient of Mechanic A & B. Skilled, capable, and responsible to perform as craftsman with moderate experience.

Mechanic D

Gradient of Mechanic A, B & C. Capable and responsible to perform as craftsman with minimal experience.

Utility A

Positions demanding considerable skill and responsibility i.e., Tool room attendant, Water blaster, Warehouse receiving clerk, Equipment operator (light), Dispatcher, Gauger, Etc.

Utility B

Gradient of Utility Man A.

Utility C

Gradient of Utility A & B

Helper A, B, & C

Assistant to and under direction of Mechanic. Position demands considerable skill and responsibility. Unless otherwise qualified helpers start as Class C and earn promotions through individual merit.

Class Descriptions and Qualifications
Page 2 of 2

Utility Service A

Semi-skilled positions demanding moderate responsibility, i.e., Warehouse delivery, Truck Driver (light), Tractor mower, Metal salvage, Fuel oil loader, Warehouse packaging, drumming, etc. May also be used as assistant to other classifications.

Utility Service B

Gradient of Utility Service A

Utility Service C

Gradient of Utility Service A & B

Service A, B & C

Unskilled labor. Unless otherwise qualified Service men start at Class C and earn promotions thru individual merit. May be used as assistant to other classifications.

Engineering

Due to the wide range in education, expertise and experience in these positions, rates are set on an individual basis, with approval of company representative.

Technician

Special skills not attainable under other classifications. For emergency use only, requiring approval of ABI main office and HCC company representative

All positions are filled at the lowest possible classifications consistent with manpower availability.

Submittal "B"

1. Rental rates for all tools and equipment owned by Contractor shall not exceed the existing local standard rates or exceed 85% of the latest Associated Equipment Distributor's listing, whichever is lower.

2. If HCC chooses to supply all tools including those of a value of \$400 or less, a percentage of .5% shall be deducted from the overhead fee of Submittal "C".

3. If HCC chooses to supply all safety glasses, goggles, hard hats and I.D. badges, a percentage fee of .2% shall be deducted from the overhead fee of Submittal "C".

4. It is understood HCC will supply all expendable supplies including all personal protection equipment for hazardous materials.

SUBMITTAL "C"

Having examined the bid documents which consist of the sample contract, the written needs and specifications of each location included in the proposal, insurance specifications, and having become familiar with each location to the extent that we can submit a proposal, we submit the following proposals which are to be used in conjunction with submittals A and B.

Percentage Fee (Markup) for Maintenance, Construction and Engineering Labor Costs.

A. 22% on the straight time portion of actual wages and salaries chargeable to the work which covers all related costs such as FICA, employee benefits, and required insurance. State and Federal Unemployment taxes are excluded and shall be accrued and billed to Company at cost at the end of each quarter.

B. 7.5% on the premium portion of overtime actual wages and salaries chargeable to the work which covers all payroll related (FICA) costs.

C. Sliding Scale Fee of:

1. 8% on the straight time portion of actual wages and salaries chargeable to the work up to \$8,000,000.00 to cover profit, overhead and other unidentified costs.
2. 7% on the straight time portion of actual wages and salaries chargeable to the work from 8,000,001.00 to 12,000,000.00 to cover profit, overhead and other unidentified costs.
3. 6% on the straight time portion of actual wages and salaries chargeable to the work from 12,000,001.00 and up, to cover profit, overhead and other unidentified costs.

D. 1% on the premium portion of overtime actual wages and salaries chargeable to the work, to cover profit, overhead and other unidentified costs.

E.- H. No Submittal (Engineering covered in A-D)

I. 2% on materials and services purchased by Contractor for the work on behalf of the owner.

J. 2% on equipment rented by Contractor for the work on behalf of the owner.

K. A charge of .24 cents per mile will be charged for all vehicles used by the Contractor in the performance of work on behalf of the owner. Transportation of employees to and from the work site is not a reimbursable cost.

L. Breakdown of the fee allowance for benefits as shown in A.

1. 2.0% Group Health Insurance
2. 3.3% Holiday, Sick and Vacation pay
3. .5% Safety Awareness Activities
4. .5% Hourly and Supervisory training
5. .0% Salaried benefits other than above

M. .15% Fee Allowance for costs to cover random and incidental testing as required by Contractors' Substance Abuse Program.

Summary of all possible Fee Allowances

2.0%	Group Health Insurance
3.3%	Holiday, Sick and Vacation Pay
.5%	Safety Awareness Activities
.5%	Hourly & Supervisory Training
.0%	Salaried Benefits other than above
.5%	Small Tools of a value of \$400 or less
.1%	Safety Glasses, goggles, hard hats, and I.D. badges
.15%	Drug Testing
7.05%	Total of all Possible Fee Allowances

Submittal "D"

Employee Moves

Ref: Contract Article 10 Para. d

Key Long Term Employees

Actual moving expenses to job site of Contractor's long term employees shall be limited to an allowance of, not to exceed packing and moving, 15,000 lbs of household goods only, at existing local standard rates and not to exceed rates set by the Texas Railroad Commission. Employee shall receive Three (3) days leave of absence at his regular salary for such move.

Key Short Term Employees

Travel expenses of Contractor's key short term employees shall be limited to travel expenses not the exceed actual mileage to and from Contractors Main office to the job site at the rate of .24 cents per mile. Travel time (hourly employees only), shall be limited to one hour at the standard rate of pay for each fifty (50) miles traveled to and from Contractors Main office and the job site.

Per diem of fifty (50.00) dollars shall be allowed for each employee whose work requires they stay overnight away from their principle residence.

All moving, travel and per diem expenses shall have prior approval of the company representative.

Long term employee shall be defined as one who becomes a part of the ongoing operation, whereas short term shall be those brought in for turn-arounds or other projects of specific duration.

Submittal "E"

Safety Awareness Activities

1. Quarterly Safety audits by ABI Safety Director and Insurance Safety Engineer
 - (A) To insure hazards communication compliance
 - (B) To perform simulated OSHA inspection
 - (C) To insure minimum legal requirements for all Environmental, Health, and Safety procedures and equipment.
2. Monthly newsletter from ABI Safety Director containing:
 - (A) Narratives of accidents and/or near-accidents of the previous month
 - (B) Current ABI statistics
 - (C) Current OSHA matters
 - (D) Safety information Articles
 - (C) Comments and Views from the field
3. Semi-annual field Safety Coordinator Training Seminars
 - (A) OSHA and EPA matters
 - (B) Improving Safety Awareness and Training
4. Monthly Field Safety Meetings
 - (A) General Safety and Health Information
 - (B) Specific developments in Safety and Health
 - (C) Targeted for Safety and Health Awareness
 - (D) Meeting involvement: All Personnel
5. Weekly Foreman/crew Safety Meeting
 - (A) Conducted by Foreman with crew
 - (B) Safety meeting outlines provided from Home Office.
 - (C) Material is previewed and discussed with management supervision and Safety Coordinator.
6. Safety Awards and Incentives
 - (A) Determined by competition between locations
 - (B) Include plaques and individual prizes (caps, belt buckles, windbreaker, coffee mugs, etc.)
7. Safety Statistics (Attached)

OSHA RECORDABLE SAFETY RECORD

LAST THREE YEARS

O.S.H.A. recordable accidents included are all injuries and illnesses with and without lost workdays or restricted work activity. Recordable accident rate computed as follows;

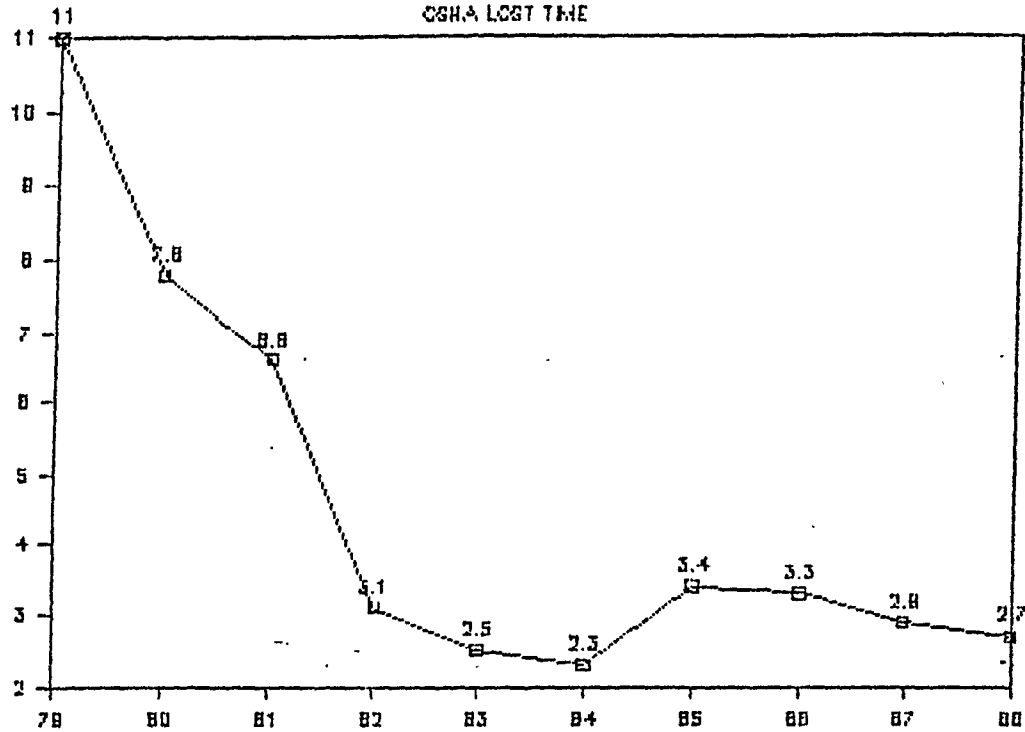
$$\frac{(\text{Lost time accidents} + \text{Loggable accidents})}{\text{Actual Manhours Worked}} \times 200,000 = \text{Recordable Rate}$$

	1986		1987		1988
Bishop	$\frac{12 \times 200k}{563,406} = 4.3$		$\frac{21 \times 200k}{449,251} = 9.3$		$\frac{22 \times 200k}{628,776} = 7.0$
Bay City	$\frac{7 \times 200k}{128,101} = 10.9$		$\frac{12 \times 200k}{157,770} = 15.2$		$\frac{7 \times 200k}{177,650} = 7.9$
Pampa	$\frac{9 \times 200k}{242,441} = 7.4$		$\frac{19 \times 200k}{283,423} = 13.4$		$\frac{37 \times 200k}{622,910} = 11.9$
Corpus Christi	$\frac{17 \times 200k}{146,849} = 23.1$		$\frac{6 \times 200k}{136,286} = 8.8$		$\frac{7 \times 200k}{134,327} = 10.4$

Total all Locations	$\frac{45 \times 200k}{1,080,797} = 8.3$		$\frac{58 \times 200k}{1,026,738} = 11.3$		$\frac{73 \times 200k}{1,563,663} = 9.3$

ARTHUR BROTHERS

OSHA LOST TIME



□

Submittal "F"

Supervisory Training

1. Semi-Annual Seminars
2. Monthly Video Sessions
Subjects: Safety and Health, Human Relations,
Productivity, Discipline, Communication Skills,
Motivation, Appraisals, and Quality

AFS-21-89
Page 8 of 12

Submittal "G"

Ref: Attachment H - Minimum insurance to be carried by Contractor
Rogers Shandley Letter (TRS-012-89), as requested pg. 3

January 1, 1989

WORKERS' COMPENSATION:

Policy Period - September 7, 1988 to September 7, 1989

Employers' Liability Limits

Bodily Injury by Accident	\$500,000 each accident
Bodily Injury by Disease	\$500,000 each employee
Bodily Injury by Disease	\$500,000 policy limit

Premium Basis

Classification

Rate Per \$100 Payroll

Oil Refining Units Erection or Repair	8.02
Increased Employers' Liability Limits Charge 1%	
Experience Modifier .78	

GENERAL LIABILITY; (Per Individual location, i.e. Bishop,
Bay City, Pampa and Corpus Christi)

Policy Period - September 7, 1988 to September 7, 1989

Limits of Insurance

General Aggregate Limit	\$2,000,000
Products - Completed Operations Aggr. Limit	2,000,000
Personal and Advertising Injury Limit	1,000,000
Each Occurrence Limit	1,000,000
Fire Damage Limit	50,000(any one fire)
Medical Expense Limit	5,000(any one person)

Premium Basis

Classification

Rate Per \$1000 payroll

Oil Still Erection or Repair	\$16.50 *
------------------------------	-----------

*net rate after premium discount

AFS-21-89
Page 9 of 12

Submittal "G" (Cont'd)

UMBRELLA PRICING FOR PRESENT COVERAGE (9-7-88/9-7-89).

UMBRELLA LIABILITY

Policy Period - September 7, 1988 to September 7, 1989

Limits of Liability

\$4,500,000 any one accident or occurrence
\$4,500,000 aggregate limit

Premium Basis

Premium:	\$78,000.00 (Flat)
Policy Fee	200.00
Taxes:	<u>3,925.64</u>
	82,125.64

Each of the above policies shall be written specifically and solely for Hoechst Celanese Corporation and its affiliates and subsidiaries only. Naming Hoechst Celanese Corporation directly as being solely covered by each policy.

All applicable policies shall be subject to the terms and conditions of Article 29 (Indemnity) of the proposed contract. See attached sample "Certificate of Insurance"

UMBRELLA LIABILITY of \$10,000,000

See attached as submitted by Texas Employers Insurance Co.

AFS-21-89
Page 10 of 12

Submittal "G" (Cont'd)

REVISION OF UMBRELLA PROGRAM TO MEET \$10,000,000 REQUIREMENTS:

OPTION ONE: London has agreed to leave the current umbrella in force; increase the limits to \$10,000,000; and endorse the policy to delete the aggregate. Therefore, our umbrella would provide \$10,000,000 in unaggregated limits. The \$10,000,000 per occurrence limit would be available for each occurrence, no matter how many occurrences occur in the policy year. There would be \$10,000,000 in umbrella limits for each occurrence that happened, whether it be a loss relating to Hoechst Celanese operations, or a loss from any other operations, the \$10,000,000 limit would be available for each.

<u>LIMIT</u>	<u>CARRIER</u>	<u>ANNUAL PREMIUM</u>	<u>RATE</u>
\$10,000,000	Lloyds of London	\$45,000 *	Flat

* Annual Premium to be pro-rated for term (to expire 9-7-89).

OPTION TWO: Pull out the ABI (work for HCC) portion of the London umbrella and re-write a separate umbrella for ABI, London would continue to write a \$4,500,000 umbrella for all non-HCC operations. The new separate umbrella for ABI (HCC operations) would be written with new carriers as follows:

<u>LIMIT</u>	<u>CARRIER</u>	<u>ANNUAL PREMIUM</u>	<u>RATE</u>
\$5,000,000	First State	\$77,189 *	Flat
\$5,000,000	Employers		
excess of	Casualty	\$45,000 *	Flat
\$5,000,000	Company		

* Annual premium to be pro-rated for term (to expire 9-7-89).



CERTIFICATE OF INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. SHOULD ANY OF THE POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL MAIL ten DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED:

February 24, 1989

ISSUE DATE OF THIS CERTIFICATE
September 7, 1988

ISSUED AT
Corpus Christi, Texas

CERTIFICATE HOLDER

Hoechst Celanese
P. O. Box 428
Bishop, Texas 78343

INSURED

ARTHUR BROTHERS, INC.
P.O. Box 792
Kingsville, Texas 78363

- ☐ 1 TEXAS EMPLOYERS' INSURANCE ASSN. • DALLAS, TX
- ☐ D TEXAS EMPLOYERS INDEMNITY CO. • DALLAS, TX
- ☐ 2 EMPLOYERS CASUALTY COMPANY • DALLAS, TX
- ☐ 3 EMPLOYERS NATIONAL INSURANCE CO. • DALLAS, TX
- ☐ 7 EMPLOYERS CASUALTY CORPORATION • DALLAS, TX
- ☐ 8 EMPLOYERS NATIONAL INS. CORP. • DALLAS, TX
- ☐ E EMPLOYERS OF TEXAS LLOYD'S • DALLAS, TX

Authorized Representative

(Signed) *George Hart*

(Typed)

George Hart, District Manager

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

TYPE OF INSURANCE	CO. NO.	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	ALL LIMITS IN THOUSANDS	
WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY	1	WC-29973	9-7-88	9-7-89	STATUTORY	
					\$500,	(EACH ACCIDENT)
					\$500,	(DISEASE-POLICY LIMIT)
					\$500,	(DISEASE-EACH EMPLOYEE)
GENERAL LIABILITY	E	TCP-E418344	9-7-88	9-7-89	GENERAL AGGREGATE	\$ 2,000.
☒ COMMERCIAL GENERAL LIABILITY					PRODUCTS COMPOUNDS AGGREGATE	\$ 2,000.
☐ CLAIMS MADE ☒ OCCURRENCE					PERSONAL & ADVERTISING INJURY	\$ 1,000.
☐ OWNER'S & CONTRACTORS PROTECTIVE					EACH OCCURRENCE	\$ 1,000.
☒ Contractual Liab.	2	BAA-594776	9-7-88	9-7-89	FIRE DAMAGE (ANY ONE FIRE)	\$ 50.
☒ Prod./Comp. Oper.					MEDICAL EXPENSE (ANY ONE PERSON)	\$ 5.
AUTOMOBILE LIABILITY					CGL	\$ 1,000.
☐ ANY AUTO					BODILY INJURY (PER PERSON)	\$
☒ ALL OWNED AUTOS					BODILY INJURY (PER ACCIDENT)	\$
☒ SCHEDULED AUTOS					PROPERTY DAMAGE	\$
☒ HIRED AUTOS						
☒ NON-OWNED AUTOS						
☐ GARAGE LIABILITY						
EXCESS LIABILITY						
☐ OTHER THAN UMBRELLA FORM						
OTHER						

Waiver of Subrogation has been endorsed to above mentioned policies in favor of Hoechst Celanese. Subject to all of the terms and conditions thereof, the CGL policy identified above applies to Article 29 "Indemnity" of the contract executed by Hoechst Celanese Corporation and Arthur Brothers, Inc.

16929



CERTIFICATE OF INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. SHOULD ANY OF THE POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL MAIL ten DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED:

February 24, 1989

ISSUE DATE OF THIS CERTIFICATE

September 7, 1988

ISSUED AT

Corpus Christi, Texas

CERTIFICATE HOLDER

Hoechst Celanese
P. O. Box 428
Bishop, Texas 78343

INSURED

ARTHUR BROTHERS, INC.
P.O. Box 792
Kingsville, Texas 78363

- ☒ 1 TEXAS EMPLOYERS' INSURANCE ASSN. • DALLAS, TX
- ☒ D TEXAS EMPLOYERS INDEMNITY CO. • DALLAS, TX
- ☒ 2 EMPLOYERS CASUALTY COMPANY • DALLAS, TX
- ☒ 3 EMPLOYERS NATIONAL INSURANCE CO. • DALLAS, TX
- ☒ 7 EMPLOYERS CASUALTY CORPORATION • DALLAS, TX
- ☒ 8 EMPLOYERS NATIONAL INS. CORR. • DALLAS, TX
- ☒ E EMPLOYERS OF TEXAS LLOYD'S • DALLAS, TX
- ☒ F LLOYDS OF LONDON written through
National General Agency

Authorized Representative

(Signed)

(Typed) Don Lee

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

TYPE OF INSURANCE	CO. NO.	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	ALL LIMITS IN THOUSANDS		
WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY					STATUTORY		
					\$	(EACH ACCIDENT)	
					\$	(DISEASE-POLICY LIMIT)	
					\$	(DISEASE-EACH EMPLOYEE)	
GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☐ OCCURRENCE ☐ OWNER'S & CONTRACTORS PROTECTIVE					GENERAL AGGREGATE	\$	
					PRODUCTS COMPO'S AGGREGATE	\$	
					PERSONAL & ADVERTISING INJURY	\$	
					EACH OCCURRENCE	\$	
					FIRE DAMAGE (ANY ONE FIRE)	\$	
					MEDICAL EXPENSE (ANY ONE PERSON)	\$	
					AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS ☐ GARAGE LIABILITY		
BODILY INJURY (PER PERSON)	\$						
BODILY INJURY (PER ACCIDENT)	\$						
PROPERTY DAMAGE	\$						
EXCESS LIABILITY ☒ UMBRELLA LIABILITY ☐ OTHER THAN UMBRELLA FORM	F	CO-1009	9-7-88	9-7-89		EACH OCCURRENCE \$ 4,500,	AGGREGATE \$ 4,500,
OTHER							

CC: NGA

Waiver of subrogation has been endorsed to above mentioned policies in favor of Hoechst Celanese.

16930

Submittal "H"

Substance Abuse Program
Ref: Article 35 of Typical Contract

1. All Employees sign "Consent to be tested" forms as condition of employment.
2. Ten (10%) percent of workforce is randomly selected and tested each month.
3. All employees are tested at least once each 12 months.
4. Positive tests result in:
 - (A) Termination of employee
 - (B) Counseling to seek medical or psychological assistance under ABI health plan.
 - (C) Invitation to return and submit "Substance Free" specimen after 30 days.
 - (D) If work load permits, employee is rehired.
5. Pre-employment testing is not required under our current program.

In summary, please understand and know of our regard and appreciation for our longstanding relationship. Many changes have occurred in the way we do business over the years. We recognize a failure on our part to communicate and thus to respond in a timely manner to these needed changes. However, let this proposal serve notice of our renewed commitment to serve you in the most proficient and economical manner possible.

The key to effective fulfillment of this contract will always be the competence of the mechanic with his tools. However, the role of management, in plant and home office, certainly impacts this performance. This role can be summed up in one word - COMMUNICATION. No greater challenge faces us than to have each employee know the specifications, scope, hazards and timing of each task assigned and then provide the information, tools, equipment and materials to perform that task. We believe that your acceptance of this proposal will provide the framework for continuation of the good services of the past plus the opportunity to build on foundations already laid in the areas of training, planning and scheduling, for a safe and efficient operation.

Thank you again for the opportunity to submit this proposal.

Very truly yours,
ARTHUR BROTHERS, INCORPORATED



Aaron F. Starks
Vice-President

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

April 14, 1989

AFS:27

Hoechst Celanese Corporation
Engineering Plastics Division
P. O. Box 428
Highway 77 South
Bishop, Texas 78343

Attn: Mr. Merrick Suacier

Re: 1989 Contract

Dear Merrick:

Arthur Brothers, Incorporated (ABI), appreciates the opportunity to renew our contract with the Hoechst Celanese Bishop Facility.

We submit the attached schedules A, B, C and E to be attached to and made a part of the referenced contract.

In reference to Article 6, last sentence should read: Any work performed that does not meet agreed upon standards will be reworked at cost plus the fee components described in Article 10, paragraph F, Schedule C excluding paragraph C.

In reference to Article 10, paragraph (k): Cost of pre-employment testing as required by Contractor's Substance Abuse Program at \$35.00 per test.

In reference to the additional "Contract Exhibit" ABI understands and agrees to achieve the needed improvements as listed.

Sincerely,
ARTHUR BROTHERS, INC.


Aaron F. Starke
Vice-president

AFS/mmr

CC: D. Siemonsma
H. Wilmeth

16933

Bishop
SCHEDULE "A"

Effective date - May 1, 1989

Page 1 of 3

Classifications, Pay Rates and Pay Practices

A. Salaries

Range

Superintendent	40,000/54,000
General Foreman	31,500/45,000
Foreman	26,000/36,500

B. Standard Hourly Rates

1. General

Administrative Assistant	9.00 - 11.00
Technician	12.00 - 20.00
Mechanic A	11.50
Mechanic B	10.90
Mechanic C	10.30
Mechanic D	9.90
Utility A	9.45
Utility B	9.07
Utility C	8.69
Helper A	8.32
Helper B	7.94
Helper C	7.56
Utility Service A	7.09
Utility Service B	6.62
Utility Service C	6.33
Service A	5.95
Service B	5.67
Service C	5.29
Clerical	3.50 - 9.50
Field Buyer	9.00 - 11.50
Leadman	.50 above craft supervised
Temporary Foreman	1.00 above craft supervised

Bishop
SCHEDULE "A"

Effective Date - May 1, 1989

2. Warehouse	Rotating Shift	St. Day	St. Evening
Utility Service A	7.42	7.09	7.42
Utility Service B	6.95	6.62	6.95
Utility Service C	6.66	6.33	6.66
Service A	6.28	5.95	6.28
Service B	6.00	5.67	6.00
Service C	5.62	5.29	5.62

3. Engineering

Engineer	12.00 - 30.00
Draftsman	6.00 - 20.00
Estimator	6.00 - 20.00
Planner/Scheduler	6.00 - 20.00

C. Premium Hourly Rates

Premium Hourly Rates shall be paid at the rate of one and one-half (1-1/2) the employees Standard Hourly Rates. Premium time shall be defined as all hours worked in excess of eight hours (8) in a work day or in excess of forty hours (40) hours in a work week.

D. Pay Practices

(1) Holiday, Sick Leave, Vacation and Jury Duty.

The following shall be recognized hereunder a contractor's Holidays.

July 4	Thanksgiving
Labor Day	Christmas

- (a) Hourly Employees - Company shall pay Contractor for any such holiday at 1-1/2 times the standard time pay rates however, Contractor shall not be paid for hours not worked, such as any illness, vacation or jury duty, for any of Contractor's hourly employees except with the written approval of the Company representative.

Effective May 1, 1989

- (b) Salaried Employees - Company shall pay Contractor for all salaried employees at a weekly rate of 1/52 their annual salary except for sick leave which extends beyond three (3) days, all vacations and the four recognized Contractor holidays.

(2) Call Out Pay

Company shall pay contractor for work on a "call out" basis at Company's request, outside the Contractor's employees regular scheduled shift at 1-1/2 times standard rate for hours actually worked; however, if work extends into regular hours, then call out pay applies only to hours worked outside the regular scheduled shift. If Contractor's employee called out works less the four (4) hours and hours worked do not extend into the regular shift, Contractor will be reimbursed for four (4) hours at the standard rate or for hours actually worked at 1-1/2 times the standard rate, whichever is greater.

(3) Show Up Pay

Company shall pay Contractor two (2) hours "show up" pay, at the standard rate, for any contractor employee who reports for his regular scheduled shift but is prohibited from working for any cause beyond Contractor's control.

Class Descriptions and Qualifications

Mechanic A.

Skilled, experienced, capable and responsible to perform all phases of one or more of the following crafts: Instrument Mechanic, Electrician, Machinist, Pipe Welder (carbon & alloys), Pipefitter, Rigger, Boilermaker, Equipment Operator (heavy), Diesel engine mechanics, Insulators, Painter, Carpenter and Iron Workers

Mechanic B.

Gradient of Mechanic A. Skilled, experienced, capable and responsible to perform all phases of one or more of the following crafts: Carpenter (rough), Painter (brush), Pipe Welder (carbon), Iron Worker/Welder (Structural), Iron Worker (rebar).

Mechanic C.

Gradient of Mechanic A & B. Skilled, capable, and responsible to perform as craftsman with moderate experience.

Mechanic D

Gradient of Mechanic A, B & C. Capable and responsible to perform as craftsman with minimal experience.

Utility A

Positions demanding considerable skill and responsibility i.e., Tool room attendant, Water blaster, Warehouse receiving clerk, Equipment operator (light), Dispatcher, Gauger, Etc.

Utility B

Gradient of Utility Man A.

Utility C

Gradient of Utility A & B

Helper A, B, & C

Assistant to and under direction of Mechanic. Position demands considerable skill and responsibility. Unless otherwise qualified helpers start as Class C and earn promotions through individual merit.

Class Descriptions and Qualifications
Page 2 of 2

Utility Service A

Semi-skilled positions demanding moderate responsibility, i.e., Warehouse delivery, Truck Driver (light), Tractor mower, Metal salvage, Fuel oil loader, Warehouse packaging, drumming, etc. May also be used as assistant to other classifications.

Utility Service B

Gradient of Utility Service A

Utility Service C

Gradient of Utility Service A & B

Service A, B & C

Unskilled labor. Unless otherwise qualified Service men start at Class C and earn promotions thru individual merit. May be used as assistant to other classifications.

Engineering

Due to the wide range in education, expertise and experience in these positions, rates are set on an individual basis, with approval of company representative.

Technician

Special skills not attainable under other classifications. Approval of ABI main office and HCC company representative is required.

All positions are filled at the lowest possible classifications consistent with manpower availability.

SCHEDULE "B"

Employee Moves And Traveling Expenses

Key Long Term Employees

Actual moving expenses to job site of Contractor's long term employees shall be limited to an allowance of, not to exceed packing and moving, 15,000 lbs of household goods only, at existing local standard rates and not to exceed rates set by the Texas Railroad Commission. Employee shall receive Three (3) days leave of absence at his regular salary for such move.

Key Short Term Employees

Travel expenses of Contractor's key short term employees shall be limited to travel expenses not to exceed actual mileage to and from Contractors Main office to the job site at the rate of 24 cents per mile. Travel time (hourly employees only), shall be limited to one hour at the standard rate of pay for each fifty (50) miles traveled to and from Contractors Main office and the job site.

Per diem of fifty (50.00) dollars shall be allowed for each employee whose work requires they stay overnight away from their principle residence.

All moving, travel and per diem expenses shall have prior approval of the company representative.

Long term employee shall be defined as one who becomes a part of the ongoing operation, whereas short term shall be those brought in for turn-arounds or other projects of specific duration.

A charge of 24 cents per mile will be charged for all vehicles used by the Contractor in the performance of work on behalf of the owner. Transportation of employees to and from the work site is not a reimbursable cost.

SCHEDULE "C"

Percentage Fee (Markup) for Maintenance, Construction and Engineering Labor Costs.

A. 22% on the straight time portion of actual wages and salaries chargeable to the work which covers all related costs such as FICA, employee benefits, and required insurance. State and Federal Unemployment taxes are excluded and shall be accrued and billed to Company at cost at the end of each quarter.

B. Sliding Scale Fee of:

1. 6% on the straight time portion of actual wages and salaries chargeable to the work up to \$8,000,000.00 to cover, overhead and other unidentified costs.
2. 5% on the straight time portion of actual wages and salaries chargeable to the work from 8,000,001.00 to 12,000,000.00 to cover, overhead and other unidentified costs.
3. 4% on the straight time portion of actual wages and salaries chargeable to the work from 12,000,001.00 and up, to cover, overhead and other unidentified costs.

C. 2% on the straight time portion of actual wages and salaries chargeable to the work to cover profit. This portion of the fee shall not be applicable to any rework as described in Article 6.

D. 7.5% on the premium portion of overtime actual wages and salaries chargeable to the work which covers all payroll related (FICA) costs.

E. 1% on the premium portion of overtime actual wages and salaries chargeable to the work, to cover profit, overhead and other unidentified costs.

SCHEDULE "E"

Substance Abuse Program

1. All new employees must pass test for substance abuse prior to beginning work.
2. Ten (10%) percent of workforce is randomly selected and tested each month for substance abuse.
3. All employees are tested at least once each 12 months.
4. Any employee incurring an OSHA loggable injury shall be tested.

write some →

CONTRACT EXHIBIT

CONTRACTOR AGREES TO ACHIEVE SATISFACTORY IMPROVEMENT PROGRESS IN THE FOLLOWING AREAS, AND TO FURNISH THE COMPANY WITH EVIDENCE OF THESE IMPROVEMENTS

IMPROVEMENT AREA

EXPECTATION

1 FOREMAN MANAGEMENT SKILLS

1. DEVELOP AND IMPLEMENT LONG TERM TRAINING PLAN IMPROVE PEOPLE AND ORGANIZATIONAL MANAGEMENT SKILLS.
2. MEASURE AND REPORT RESULTS ON THE JOB.
3. IDENTIFY CANDIDATES FOR SUPERVISOR BACKUP AND REPLACEMENT, AND DEVELOP SKILLS WITH ADEQUATE TRAINING.

2 CRAFTSMAN SKILLS

1. DEVELOP AND IMPLEMENT A PLAN TO CROSS CRAFT SKILLS.
2. IMPROVE EMPLOYEE RECORD KEEPING AND EVALUATIONS OF PERFORMANCE, SKILLS, REASONS FOR LEAVING, RECOMMENDATION FOR REHIRE, ETC., TO HIRE SKILLS TO MATCH WORK ASSIGNMENTS.
3. IDENTIFY AND OBTAIN REQUIRED CERTIFICATIONS (e.g. YARD RUNNERS, FORKLIFTS, WEED SPRAYERS, ASBESTOS REMOVAL, ETC.)

3 CREW MIX MANAGEMENT

1. SIGNIFICANTLY INCREASE THE CURRENT HELPER/CRAFTSMAN RATIO OF 0.5
2. IMPROVE CREW MIX MANAGEMENT METHODS TO OPTIMIZE AVERAGE WAGE RATE AND REPORT RESULTS MONTHLY.
3. DEVELOP AND IMPLEMENT A PLAN TO CONTROL PROGRESSION TO TOP WAGE RATE.

4 COMPANY IMPROVEMENT

1. IDENTIFY COMPANY STRATEGY TO IMPROVE SAFETY, QUALITY, AND PRODUCTIVITY, AND IMPLEMENT A PLAN ~~AND SUPPORT~~ FOR ACHIEVEMENT.

Develop & Implement *ACTION PLAN* *SCHEDULES — TO ACCOMPLISH THE ABOVE*

IMPACT