

1.11.3 Variable Fee - Safety Lost Time Accidents

- a) OWNER will pay CONTRACTOR a safety incentive fee should its safety performance result in a zero or low OSHA reportable lost time accidents in the performance of the WORK per the following schedule:

<u>Lost Time Accidents</u>	<u>Incentive Fee (\$)</u>
0	100,000
1	50,000
2	25,000
3 & above	0

- b) The incentive fee pursuant to Paragraph (a) above shall become due and payable when Final Acceptance has been achieved.

1.11.4 Variable Fee - Scheduled Completion

- a) Stock Preparation and Starch Area 24 and 25

- OWNER will pay CONTRACTOR a base incentive fee of One Hundred Thousand Dollars (\$100,000) to achieve Conditional Acceptance of the Stock Preparation and Starch Area 24 and 25 within plus or minus four (4) calendar days of May 15, 1991.
- OWNER will pay CONTRACTOR an additional incentive fee to achieve an earlier Conditional Acceptance date per the following schedule:

<u>Calendar Day Schedule Improvement</u>	<u>Additional Incentive Fee (\$)</u>	<u>Base Incentive Fee (\$)</u>	<u>Total Incentive Fee (\$)</u>
5 days	10,000	100,000	110,000
6 days	20,000	100,000	120,000
7 days	30,000	100,000	130,000
8 days	40,000	100,000	140,000
9 days	50,000	100,000	150,000
10 days	60,000	100,000	160,000
11 days	70,000	100,000	170,000
12 days	80,000	100,000	180,000
13 days	90,000	100,000	190,000
14 days	100,000	100,000	200,000

The above fee amounts are not cumulative.

- 3) CONTRACTOR hereby agrees that OWNER may reduce the base fee if the actual Conditional Acceptance date should occur after the date set forth in Paragraph L1L4 (a)(1) per the following schedule:

<u>Cal. Day Schedule Late</u>	<u>Fee (\$) Reduction</u>	<u>Base Incentive Fee (\$)</u>	<u>Total Incentive Fee (\$)</u>
5 days	<10,000>	100,000	90,000
6 days	<20,000>	100,000	80,000
7 days	<30,000>	100,000	70,000
8 days	<40,000>	100,000	60,000
9 days	<50,000>	100,000	50,000
10 days	<60,000>	100,000	40,000
11 days	<70,000>	100,000	30,000
12 days	<80,000>	100,000	20,000
13 days	<90,000>	100,000	10,000
14 days	<100,000>	100,000	-0-

The above fee reductions are not cumulative.

- 4) The Scheduled Completion incentive fee for Areas 24 and 25 shall become due and payable when Conditional Acceptance for Areas 24 and 25 has been achieved.

b) Paper Machine Area 26:

- 1) OWNER will pay CONTRACTOR a base incentive fee of One Hundred Thousand Dollars (\$100,000) to achieve Conditional Acceptance of the Paper Machine Area 26 within plus or minus four (4) calendar days of July 1, 1991.
- 2) OWNER will pay CONTRACTOR an additional incentive fee to achieve an earlier Conditional Acceptance date per the following schedule:

<u>Cal. Day Schedule Improvement</u>	<u>Additional Incentive Fee (\$)</u>	<u>Base Incentive Fee (\$)</u>	<u>Total Incentive Fee (\$)</u>
5 days	10,000	100,000	110,000
6 days	20,000	100,000	120,000
7 days	30,000	100,000	130,000
8 days	40,000	100,000	140,000
9 days	50,000	100,000	150,000
10 days	60,000	100,000	160,000
11 days	70,000	100,000	170,000
12 days	80,000	100,000	180,000
13 days	90,000	100,000	190,000
14 days	100,000	100,000	200,000

The above fee amounts are not cumulative.

- 3) CONTRACTOR hereby agrees that OWNER may reduce the base fee if the actual Conditional Acceptance date should occur after the date set forth in Paragraph 1.11.4 (b)(1) per the following schedule:

Cal. Day Schedule Late	Fee (\$) Reduction	Base Incentive Fee (\$)	Total Incentive Fee (\$)
5 days	<10,000>	100,000	90,000
6 days	<20,000>	100,000	80,000
7 days	<30,000>	100,000	70,000
8 days	<40,000>	100,000	60,000
9 days	<50,000>	100,000	50,000
10 days	<60,000>	100,000	40,000
11 days	<70,000>	100,000	30,000
12 days	<80,000>	100,000	20,000
13 days	<90,000>	100,000	10,000
14 days	<100,000>	100,000	-0-

The above fee reductions are not cumulative.

- 4) The Scheduled Completion incentive fee for Areas 24 and 25 shall become due and payable when Conditional Acceptance for Areas 24 and 25 has been achieved.
- c) Finishing Area 27:

- 1) OWNER will pay CONTRACTOR a base incentive fee of One Hundred Thousand Dollars (\$100,000) to achieve Conditional Acceptance of the Finishing Area 27 within plus or minus four (4) calendar days of April 1, 1991.
- 2) OWNER will pay CONTRACTOR an added incentive fee to achieve an earlier Conditional Acceptance date per the following schedule:

Cal. Day Schedule Improvement	Additional Incentive Fee (\$)	Base Incentive Fee (\$)	Total Incentive Fee (\$)
5 days	10,000	100,000	110,000
6 days	20,000	100,000	120,000
7 days	30,000	100,000	130,000
8 days	40,000	100,000	140,000
9 days	50,000	100,000	150,000
10 days	60,000	100,000	160,000
11 days	70,000	100,000	170,000
12 days	80,000	100,000	180,000
13 days	90,000	100,000	190,000
14 days	100,000	100,000	200,000

The above fee amounts are not cumulative.

- 3) CONTRACTOR hereby agrees that OWNER may reduce the base fee if the actual Conditional Acceptance date should occur after the date set forth in Paragraph 1.11.4 (c)(1) per the following schedule:

<u>Cal. Day Schedule Late</u>	<u>Fee (\$) Reduction</u>	<u>Base Fee (\$)</u>	<u>Total Fee (\$)</u>
5 days	<10,000>	100,000	90,000
6 days	<20,000>	100,000	80,000
7 days	<30,000>	100,000	70,000
8 days	<40,000>	100,000	60,000
9 days	<50,000>	100,000	50,000
10 days	<60,000>	100,000	40,000
11 days	<70,000>	100,000	30,000
12 days	<80,000>	100,000	20,000
13 days	<90,000>	100,000	10,000
14 days	<100,000>	100,000	-0-

The above fee reductions are not cumulative.

- 4) The Scheduled Completion incentive fee for Area 27 shall become due and payable when Conditional Acceptance for Area 27 has been achieved.

1.11.5 Variable Fee - Piping Installation Productivity

- a) OWNER will pay CONTRACTOR a base incentive fee of Three Hundred Thousand Dollars (\$300,000) to achieve a target Piping Productivity Rate of 1.0.

- b) OWNER will pay CONTRACTOR an additional incentive fee should the final Piping Productivity Rate be less than the target rate per the following schedule:

<u>Piping Productivity Rate Improvement</u>	<u>Additional Incentive Fee (\$)</u>	<u>Base Incentive Fee (\$)</u>	<u>Total Incentive Fee (\$)</u>
0.949 to 0.940	75,000	300,000	375,000
0.939 to 0.930	90,000	300,000	390,000
0.929 to 0.920	105,000	300,000	405,000
0.919 to 0.910	120,000	300,000	420,000
0.909 to 0.900	135,000	300,000	435,000
0.899 to 0.890	150,000	300,000	450,000
0.889 to 0.880	165,000	300,000	465,000
0.879 to 0.870	180,000	300,000	480,000
0.869 to 0.860	195,000	300,000	495,000
0.859 to 0.850	210,000	300,000	510,000
0.849 to 0.840	225,000	300,000	525,000
0.839 to 0.830	240,000	300,000	540,000
0.829 to 0.820	255,000	300,000	555,000
0.819 to 0.810	270,000	300,000	570,000
0.809 to 0.800	285,000	300,000	585,000
0.799 and below	300,000	300,000	600,000

The above fee amounts are not cumulative.

- c) CONTRACTOR hereby agrees that OWNER may reduce the base fee should the final Piping Productivity Rate be greater than target rate per the following schedule:

<u>Piping Productivity Rate Decrease</u>	<u>Fee (\$) Reduction</u>	<u>Base Incentive Fee (\$)</u>	<u>Total Incentive Fee (\$)</u>
1.051 to 1.060	75,000	300,000	225,000
1.061 to 1.070	90,000	300,000	210,000
1.071 to 1.080	105,000	300,000	195,000
1.081 to 1.090	120,000	300,000	180,000
1.091 to 1.100	135,000	300,000	165,000
1.101 to 1.110	150,000	300,000	150,000
1.111 to 1.120	165,000	300,000	135,000
1.121 to 1.130	180,000	300,000	120,000
1.131 to 1.140	195,000	300,000	105,000
1.141 to 1.150	210,000	300,000	90,000
1.151 to 1.160	225,000	300,000	75,000
1.161 to 1.170	240,000	300,000	60,000
1.171 to 1.180	255,000	300,000	45,000
1.181 to 1.190	270,000	300,000	30,000
1.191 to 1.200	285,000	300,000	15,000
1.201 and above	300,000	300,000	-0-

The above fee reductions are not cumulative.

- d) The Piping Productivity Rate shall be calculated by the methodology set forth in Attachment IX to this Schedule.
- e) The Piping Installation Productivity incentive fee shall become due and payable when Final Acceptance has been achieved.

1.11.6 Variable Fee - Composite Labor Rate Incentive

- a) OWNER will pay CONTRACTOR an incentive fee as set forth below should the CONTRACTOR manage the use of apprentices for the Pipefitter (UA) and Electrical (IBEW) crafts to achieve the following Composite Rates:

	<u>Composite Rate</u>	<u>Additional Incentive Fee (\$)</u>
Pipefitters	0.95 or better	75,000
	0.96 to 0.951	50,000
	0.97 to 0.961	25,000
Electrical	0.94 or better	75,000
	0.95 to 0.941	50,000
	0.96 to 0.951	25,000

The above additional fee amounts are not cumulative.

- (b) The Average Rate shall be calculated by dividing the total aggregate dollar amount invoiced for direct hourly construction craft labor including general foreman, foremen, journeyman, apprentices and trainees but excluding burdens and fringes by the total aggregate direct hourly construction craft labor man-hours expended through Conditional Acceptance (fringes include vacation).
- (c) The Composite Rate shall be calculated by dividing the Average Rate by the applicable journeyman direct hourly construction labor rate excluding burdens and fringes.
- (d) The additional incentive fee shall become due and payable when Conditional Acceptance has been achieved.

33.0 PERFORMANCE INCENTIVE BONUS

OWNER believes that a successful project requires the attention to detail and cooperation of all parties. OWNER recognizes the benefits to the overall success to the project of such factors as:

- Excellent Proactive Safety Program and Low Recordable and Lost Time Accident Incident Rates during the project
- Cooperative management
- Understanding of Scope
- Quality Assurance and Quality Control
- Cooperative Interface with Equipment Suppliers

OWNER will, therefore, consider paying the successful CONTRACTOR a performance incentive to reward the CONTRACTOR for excellence in the above areas. The aggregate performance incentive bonus for all the New Bern Production Optimization Project projects will range from zero to \$250,000. OWNER'S project management, at its sole discretion, will apportion the aggregate Performance Incentive Bonus after Final Acceptance has been achieved for the respective projects. The amount of the bonus to be awarded will be at OWNER'S sole discretion. The bonus for each project will be based on the overall success of that project to achieve both the project and business objectives of the capital investment. It is hoped that this "pure performance bonus" will provide an incentive to motivate the CONTRACTOR to go "above and beyond the call of duty" to assist OWNER in achieving a successful project.

OWNER'S project team will evaluate the CONTRACTOR'S performance against the following criteria:

33.1 Cooperative Management

- 33.1.1 Below Adequate—Attitude of just getting through the job. Discord between those involved. Formal communications only. OWNER is uncomfortable with information flow.
- 33.1.2 Full—Cooperative work environment. Knowledge of OWNER'S priorities and support of same.
- 33.1.3 Superior—CONTRACTOR aggressively seeks to support OWNER in achieving his objectives. CONTRACTOR makes every effort to avoid surprises to OWNER or SUBCONTRACTORS. Teamwork between all involved is evident.

33.2 Understanding of Scope

33.2.1 Below Adequate—CONTRACTOR fails to identify total work required in his proposal. Results in confusion and additional cost to CONTRACTOR and OWNER. Last minute field modifications.

33.2.2 Full—Almost all of the work is understood and covered in the CONTRACTOR proposal. Some design and construction changes, but all is well before installation begins.

33.2.3 Superior—CONTRACTOR proposal complete and execution follows initial plan.

33.3 Quality Assurance and Quality Control

33.3.1 Below Adequate—CONTRACTOR does not comply with QA/QC plan. Workmanship and/or materials unsatisfactory. Inadequate documentation.

33.3.2 Full—Workmanship, materials, and information flow minimal. Documentation complete.

33.3.3 Superior—Information flow according to QA/QC plan. High quality workmanship and materials. All standards met. Comprehensive documentation provided.

33.4 Cooperative Interface with Equipment Suppliers

33.4.1 Below Adequate—System problems caused by lack of communication and cooperation with equipment suppliers.

33.4.2 Full—CONTRACTOR uses major elements of supplier's experience and works cooperatively; no significant design problems.

33.4.3 Superior—Systems perform trouble free. Excellent communication and cooperation with equipment suppliers.

33.5 Excellent Proactive Safety Program and Low Recordable and Lost Time Incident Rates

33.5.1 Below Adequate—Numerous accidents and observed lack of regard for OWNER'S safety guidelines.

33.5.2 Full—OWNER'S safety guidelines followed and only minor accident(s).

33.5.3 Superior—CONTRACTOR demonstrates a leadership role in safety and experiences or causes no injuries.

33.6 Efficient and Well Executed Start-ups

- 33.6.1 Below Adequate—Start-up late. Significant corrections required. Only one brief shutdown needed to fix problems.
- 33.6.2 Full—Start-up with only minor delays. Few minor corrections required. Only one brief shutdown needed to achieve project goals.
- 33.6.3 Superior—Start-up time on shutdowns. System operates essentially trouble free.