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326-68-588  
Box # 75  
Folder # 13 (Harshaw  
Chemical Company

H. B. Fry, Manager

AUGUST 10 1953

Virginia C. Duncombe, Assistant General Counsel

COMMISSION RIGHTS UNDER CONTRACT No. W-7405 Eng-276 WITH HARSHAW  
CHEMICAL COMPANY IN REGARD TO CESSATION OF PRODUCTION AT COMMISSION  
REQUEST.

*Harshaw 276*

Symbol: GC:JB

The cessation of all production at Harshaw prior to June 30, 1954, at the unilateral request of the Commission and for Commission convenience, will require written notice to the contractor under the termination provisions of the contract and will bring into play the following significant contract features:

1. To begin with, the contract provides that such termination shall be, essentially, a termination in whole, rather than merely of the contractor's production activities. That is, the contractor's research and certain other undertakings under the contract will also be terminated necessarily.
2. The contract gives to the Government an irrevocable license to use the plant, or such portions of the plant as the parties may mutually agree upon, for the period of one year following the termination, or such shorter period as the Commission may specify by a written thirty-day notice. The use is for standby measures only. The contractor is to be paid at the rate of \$1.25 per square foot per year for most of the floor space and also at certain other stipulated rates for other space and for utilities.
3. In lieu of the standby referred to in the preceding paragraph, that is by forces other than the contractor's, the Commission may direct that the contractor maintain the plant in standby during the same period of one year or less. The contractor is to be paid its costs and expenses in that connection and also compensation at stipulated rates for the floor space involved in the standby activity. If the Commission elects to utilize the contractor's services for standby, it will be important to bear in mind that the contract provides for a stipulated monetary ceiling which, if and when reached, will excuse the contractor from further performance unless the Commission augments the amount.

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OFFICE	Assistant General Counsel				
SIGNATURE	REICH <i>rw</i>	Duncombe <i>WD</i>			<i>RF</i>
DATE	8-7-53	<i>4/10/53</i>			

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4. The contract requires the Government to purchase from the contractor certain "Plant C stores" consisting of various inventory items including equipment and equipment parts. The Government is not obligated to buy these items beyond a fixed total dollar limit.
5. The contractor is obligated to deliver items of Government-owned property, f.o.b. the plant, as directed by the Commission. The contractor is required in that connection to dismantle, pack, compress, crate and otherwise prepare for shipment, and ship, at Government expense, as requested by the Commission. It is important to note that the contractor is to receive final directions for the return of Government property not later than ninety days after the termination or after the expiration of any term of contract standby referred to in paragraph 3 above. Also, in regard to Government property, there are the usual provisions in the contract permitting the sale of items to the contractor or to third parties and, also, provisions to the following effect: Within eight months after the termination, or after the expiration of any term referred to in paragraph 2 or 3 above, the Commission may abandon certain Government property, or the Commission may within that period plus four months thereafter remove the items involved. The removal of certain items will entail restoration of the contractor's premises to substantially the condition they were in at the time of the pertinent installation or alteration.
6. With respect to certain office space alterations referred to in 'Exhibit A' of the contract, provision is made that in the event the contract is terminated prior to 1964, the parties shall mutually agree upon a fair price for the then value in place of the property constituting the alterations, and for the payment of that amount by the contractor to the Commission. The contract provides that the amount to be paid by the contractor shall not exceed \$10,000.00, and that upon payment title to the property is to vest in the contractor.
7. Within one year after the termination, or after the expiration of any term referred to in paragraph 2 or 3 above, the Commission is to effect the decontamination of the contractor's premises to the extent necessary, in the opinion of the Commission, from a health-hazard standpoint. The contractor is obligated to reimburse the Commission for one-half of the direct cost incurred in such activity. The Government has been given an irrevocable license to use the plant and related facilities, or such portion as the parties may mutually agree upon, for the purpose of accomplishing the decontamination and for the purpose of the removal and restoration mentioned in paragraph 5 above. The contractor is to be paid at stipulated rates for the square footage and for the utilities involved.

H. B. Fry

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The foregoing is obviously an abbreviated account of the contract requirements. Needless to say, we are prepared, as always, to contribute toward the effective handling of these non-routine close-out features.

cc: R L Kirk, P  
B Sparks, Cleveland  
C V C Duncombe, AGC  
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