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This document consists of 7 pages.  
Copy No. 4 of 5 copies, Series A.

WAR DEPARTMENT  
UNITED STATES ENGINEER OFFICE  
MANHATTAN DISTRICT  
P. O. BOX 42  
STATION F  
NEW YORK, N. Y.

IN REPLY  
REFER TO

A-6 *AGG*

November 20, 1942  
New York, New York

Letter Contract No. W-7412 eng-3

E. I. du Pont de Nemours & Company  
Wilmington, Delaware

Gentlemen:

The United States of America, acting through the undersigned Contracting Officer, hereby places an order with you that you shall, in the shortest possible time, furnish the labor, materials, tools, machinery, equipment, facilities, supplies not furnished by the United States of America, and services, and do all things necessary to the best of your ability to (a) provide a plant for the manufacture of ClO3; (b) provide a plant for the conversion of ClO3 to ClO4; and (c) provide a plant for the conversion of ClO4 to ClO5; the first mentioned plant to have a designed estimated capacity of forty-seven (47) tons of ClO3 per month and the other plants to have designed estimated capacities sufficient to convert forty-seven (47) tons of ClO3 successively to ClO4 and ClO5 to produce an estimated twenty-one (21) tons of ClO5.

It is intended that you shall operate these plants upon terms to be agreed upon, and to this end you are ordered to have said plants in full scale operation on the following dates:

- (a) plant for the manufacture of ClO4, February 26, 1943;
- (b) plant for the manufacture of ClO5, April 15, 1943;
- (c) plant for the manufacture of ClO3, May 25, 1943.

The feed for the ClO3 plant will be one or the other of the following:

- (1) ClO1 to be supplied by the Government;
- (2) ClO2 to be supplied by the Government.

The feed for the ClO4 plant prior to May 25, 1943 to be supplied by the Government.

It is understood that you have no experience in the design and construction of plants for this purpose and the operation of the same, except for current production of ClO4. Failure to achieve any of the goals herein set forth, not due to lack of good faith on your part, will not subject you to any liability or prejudice your right to reimbursement.

Certified a True Copy  
By *R. G. Cornell*  
R. G. CORNELL, Major, C.E.

~~SECRET~~ DETERMINED TO BE UNCLASSIFIED  
AUTHORITY: E.O. 13526  
BY E. I. Grabowski DATE 4/22/96

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REPLY TO  
OFFICE

for your work as provided for in this letter contract.

Upon inspection and approval of the Contracting Officer and upon your furnishing satisfactory evidence of payment therefor, you will be reimbursed for the cost of performance under this contract. Funds for carrying out this order have been appropriated and are now available for use of the War Department under Procurement Authority ENG 31110 P 430-08 A-0905-23.

If this order is acceptable to you, will you kindly so indicate hereon and on the two copies of this order, and return this order and one copy thereof on or before December 12, 1942? Such acceptance will constitute this order a contract.

It is understood that in connection with your work under this contract, you shall acquire or manufacture for the Government's account certain facilities as agreed to by the Contracting Officer and listed in Schedule "A" to be attached to the formal contract. Upon the inspection and approval of the Contracting Officer and upon your furnishing satisfactory evidence of payment therefor by you, you will be reimbursed for the cost of such facilities. As each item of said facilities is delivered to, or manufactured by you, for the Government's account, it shall become and remain the property of the Government and title thereto shall vest in the Government, which hereby grants to you the right to use, without the payment of rental therefor, such facilities in connection with the work herein contracted for.

It is contemplated that this contract will be supplemented by a more formal contract between yourself and the United States of America. Such supplemental contract will provide for the operation of the aforesaid plants and for the delivery to the Government of the output of said plants, upon such terms and conditions as shall be agreed upon by the parties to this Letter Contract. Such supplemental contract will also include a schedule, listing the facilities you are to acquire, install and/or manufacture for the Government's account, and all applicable contract clauses required by Federal Law or Executive Order to be incorporated in contracts for articles of the kind purchased; and all such clauses are hereby incorporated herein by reference. Such supplemental contract will also include appropriate clauses for the payment to you by the Government of a fee, over and above your cost of providing and operating said plants; and for the termination of the contract for the convenience of the United States of America.

Upon your acceptance hereof, partial and advance payments may be made to you in accordance with the following procedure:

At any time and from time to time after the execution of this contract, the Government at the request of the Contractor and

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subject to the approval of the Chief of Engineers or his duly authorized representative, or the person to whom authority to make advance payments has been delegated, as to the present need therefor shall advance to the Contractor sums not to exceed thirty per centum (30%) of the estimated cost of the Letter Contract (exclusive of the Contractor's fixed fee), as it may be amended from time to time. On the unliquidated balance of the advance payments outstanding, the Contractor agrees to pay interest at the rate of two and one-half per cent (2½%) per annum to be computed in accordance with the provisions of Section 6 hereof.

2. As a condition precedent to the making of any advance payment or payments as hereinbefore provided, the Contractor shall furnish the Government with such adequate security as the Under Secretary of War or the person to whom authority has been delegated to make advance payments shall prescribe; Provided; That, if other security is not prescribed, the terms of this Letter Contract shall be considered adequate security for such advance payments; and Provided further: That if at any time the Under Secretary of War deems the security furnished by the Contractor inadequate, the Contractor shall furnish such additional security, in the form of a surety bond or surety bonds, as shall be satisfactory to the Under Secretary of War.

3. Until all advance payments hereunder are liquidated, all funds received as advance payments under this Letter Contract together with all funds received as reimbursements for the cost of the work under the letter contract, exclusive of the Contractor's fixed fee, shall be deposited in a special bank account or accounts at a member bank or banks of the Federal Reserve System or any "insured" bank within the meaning of the Act creating the Federal Deposit Insurance Corporation (Act of August 23, 1935; 49 Stat. 684, as amended; 12 U.S.C. 264) separate from the Contractor's general or other funds. Such special bank account or accounts shall be so designated as to indicate clearly to the bank their special character and purpose, and the balance in such account or accounts shall be used by the Contractor exclusively as a revolving fund for carrying out the purpose of the Letter Contract and any amendments thereto, and not for other business of the Contractor. Any balances from time to time in such special account or accounts shall at all times secure the repayment of the advances in connection with which the special account or accounts are opened, and the Government shall have a lien upon such balances to secure the repayment of such advances, which lien shall be superior to any lien of the bank or any other person upon such account or accounts by virtue of assignment to it of such contract or otherwise; Provided; That the bank shall be under no liability to any party hereto for the withdrawal of any funds from said special account upon checks properly endorsed and signed by the Contractor except that after the receipt by the bank of written

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directions from the Chief of Engineers or his duly authorized representative, the bank shall act thereon and be under no liability to any party hereto for any action taken in accordance with the said written directions. Any instruction or written directions received by the bank through the Contracting Officer upon War Department stationery and purporting to be signed by, or by the direction of, the Chief of Engineers, or his duly authorized representative, shall, insofar as the rights, duties, and liabilities of the bank are concerned, be conclusively deemed to have been properly issued and filed with the bank by the Chief of Engineers or his duly authorized representative.

4. It is agreed that the aggregate of the advance payments outstanding under this Letter Contract, together with funds received as reimbursement for the cost of the work by the Contractor under this Letter Contract shall, at no time, exceed the total estimated cost of the work under the Letter Contract as it may be revised from time to time, and any such excess shall be immediately repaid by the Contractor to the Government or if any reimbursement is due from the Government to the Contractor, shall be deducted therefrom; Provided, however, that if the total cost of the work under the Letter Contract shall be in excess of the amount so paid to the Contractor, including said advance payments, the Government, upon presentation of satisfactory evidence shall currently and promptly reimburse the Contractor to the extent of such excess cost (subject to any delay in the availability of appropriated funds).

5. If, upon completion of the Letter Contract, or upon the termination thereof for other than the fault of the Contractor, the advance payments made to the Contractor in respect of such contract have not been fully liquidated in the manner herein provided, the unliquidated balance of such advance payments shall be deducted from any payments otherwise due the Contractor in respect of such contract; and if the sum or sums due the Contractor be insufficient to cover such balance, the deficiency shall be paid by the Contractor in cash forthwith after demand and final audit by the Government of all accounts hereunder in respect of such contract. In the event of cancellation or termination of the Letter Contract because of the fault of the Contractor, the Contractor, notwithstanding any ultimate rights to be reimbursed, agrees to return to the Government, upon demand, without set-off of any sums alleged to be due the Contractor, the unliquidated balance of any advance payment. Furthermore, if, in the opinion of the Chief of Engineers or his duly authorized representative, the unobligated balance of the advance payments made by the Government under Section 1 hereof exceeds the amount necessary for the current needs of the Contractor, as determined by the Chief of Engineers or his duly authorized representative, the amount of such excess shall, upon demand by the Chief of Engineers or his duly authorized representative, be promptly returned to the Government

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and will be credited against the balance due the Government on advances previously made. If the demand made in any event set forth in this Section is not met upon receipt of such demand by the Contractor, the amount demanded will bear interest at the rate of six per cent (6%) rather than two and one-half per cent (2½%) per annum from the date of the receipt of the demand until payment is made; Provided, however, that such additional interest over and above the regular two and one-half per cent is hereby waived as to any sums paid by the Contractor within 15 days after the amount becomes due hereunder. If and when the Contractor has, by means of deductions or otherwise, reimbursed the Government in full for payments made, any money remaining in the special bank account or accounts shall be free and clear of any lien hereunder, and the bank or banks concerned shall have authority to pay same to the Contractor and shall thereupon be relieved of any further obligation to the Government on account thereof.

6. On the unliquidated balance of the advance payments outstanding, the Contractor agrees to pay interest at the rate of two and one-half per cent (2½%) per annum. Such interest shall be computed at the end of each calendar month on the average daily balance of the principal of the unliquidated advance payments outstanding. In determining such balance, charges on account of the advance payments to the Contractor hereunder shall be made as of the dates of the checks therefor; credits resulting from disbursements made by the Contractor, which are applied against advance payments, shall be made as of the dates on which the vouchers therefor are approved by the disbursing officer; and credits arising from cash repayments to the Government by the Contractor shall be made as of the dates the checks therefor are received by the disbursing officer. As soon as such monthly computations shall have been made, the interest charge so determined shall be deducted from any payments on account of the fixed fee which may be made to the Contractor from time to time under this contract. In the event the accrued interest exceeds any such payment, the excess of such interest shall be carried forward and deducted from subsequent payments on account of the fixed fee. The interest shall not be compounded, and shall, subject to the provisions of Section 5 hereof, cease to accrue upon the termination of the contract for other than the fault of the Contractor, or upon the date found by the Contracting Officer to be the date upon which the Contractor completed his performance under the Letter Contract.

7. The Contractor shall, at all times, afford to the Contracting Officer, or his duly authorized representative, proper facilities for the inspection and audit of the Contractor's accounts, and the Contractor hereby agrees that the Contracting Officer, or his duly authorized representative, shall have the right so far as the Contractor's rights are concerned, during business hours, to inspect and make copies of any entries in the books and records of the bank or banks relating to the said special account or accounts.

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8. Subject to the approval of the Contracting Officer or his duly authorized representative the Contractor may make payments to subcontractors and materialmen in advance out of the special account, for labor or services, or to pay for materials in advance of delivery at the site of the work or at an approved storage site. Such sub-advances shall not exceed thirty per cent (30%) of the subcontract price or estimated cost, as the case may be, and the subcontractor or materialmen to whom such advances are made shall furnish adequate security therefor. Unless other security is furnished, covenants in subcontracts, expressly made for the benefit of the Government, providing for a sub-special account with Government lien thereon and for a Government lien on or title to property, tangible or intangible purchased from the special account, and imposing upon the subcontractor substantially the same duties and giving the Government substantially the same rights as are provided herein between the Government and the Contractor, have been prescribed by the Under Secretary of War as minimum adequate security for such subadvances.

9. Interest will be waived on payments advanced to accomplish such part of the work performed on a cost basis.

Neither this contract, nor any interest therein, or claim thereunder shall be assigned or transferred by you to any other party or parties.

It is understood that disclosure of information relating to the work contracted for hereunder to any person not entitled to receive it, or failure to safeguard all secret, confidential and restricted matter that may come to you or any person under your control in connection with the work under this contract, may subject you, your agents, employees, and subcontractors to criminal liability under the laws of the United States. (See Title 1 of an Act approved March 23, 1940 (54 Stat., Chap. 72); and the provisions of an Act approved January 12, 1938, (52 Stat. 3; 50 U.S.C. Supp. V 45-45-d), as supplemented by Executive Order No. 8381, dated March 22, 1940, 5 F.R. 1147, D.I.) You shall cause a like provision to be inserted in all subcontracts under this contract.

You will not permit any alien employed or to be employed by you or by any sub-bidder or subcontractor to have access to the drawings, specifications, and accompanying enclosures relating to the performance of this contract, or to the models or material referred to therein, or to engineering principles, compositions, sub-assemblies, or assemblies which are vital to the functioning or use of the article or articles forming the subject-matter of this contract, without the written consent beforehand of the Secretary of War. In the absence of field labor being employed at the site of the plant by a vendor to the contractor in a manner so as to permit aliens employed by the vendor to have access to the above-mentioned drawings, models, assemblies, etc., the contractor shall not be obligated to impose conditions on vendors relative to the employment of aliens.

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