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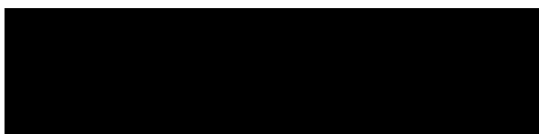
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IDEA-0732-68
Copy 1 of 45

Contract No. [redacted]-5311 25X1A
Amendment No. 1

28 OCT 1968

25X1A



Gentlemen:

25X1A

1. This document constitutes Amendment No. 1 to Contract No. [redacted] 5311 entered into by and between the parties as of 24 June 1968.

2. By this amendment, the following changes are made to APPENDIX I:

A. Item "2. Rates" is deleted in its entirety and the following substituted in lieu thereof:

"2. Rates

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Sites

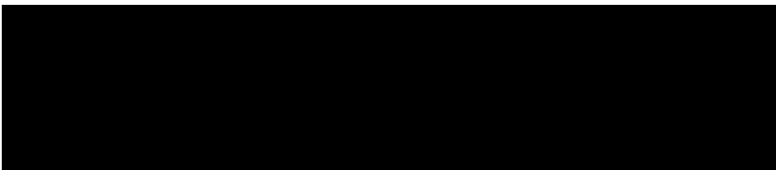
Field Engineer

Sr. Field Engineer

a) Domestic Locations -

Per man-month
Per man-day

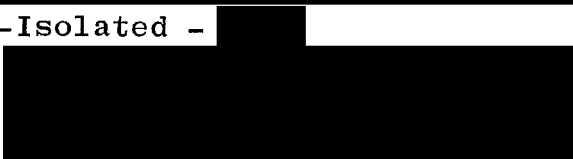
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b) Overseas - Non-Hazardous, Non-Isolated -

Per man-month
Per man-day

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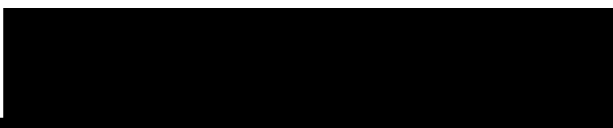


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c) Overseas - Non-Hazardous, Isolated -

Per man-month
Per man-day

25X1A



25X1A

d) Overseas - Hazardous -

Per man-month
Per man-day

25X1A



The rates stated above are based on eight (8) hours per day, forty (40) hours per week (Sunday through Saturday.) All of the above rates include allowance to the Contractor for vacation, sick leave, and holidays. All man-day rates are based on 21 working days per month."

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B. Delete Item 7 in its entirety and substitute the following in lieu thereof:

"7. The rates proposed in item 2 above are effective for the period 1 July 1968 through 30 December 1968 and shall apply provisionally thereafter until new rates are negotiated."

25X1A 3. All other terms and conditions of this Amendment No. 1 to Contract No. [REDACTED]-5311 remain unchanged.

25X1A 4. Please indicate your acceptance of this Amendment No. 1 to Contract No. [REDACTED] 5311 by executing the three enclosed copies. The original and one copy are to be returned to the undersigned; the remaining copy may be retained for your files.

25X1A Very truly yours,

THE UNITED STATES OF AMERICA

[REDACTED]
Contracting Officer

25X1A

ACKNOWLEDGED AND ACCEPTED

[REDACTED]
DATE 14 November 1968

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| | | | | | |
|--|------------|--------------------------|---------------|------------------------------------|-----------|
| SEC. CL. S | | ORIGIN CMD/OSA | | CONTROL NO. IDEA-0732-68 | |
| DATE OF DOC. | DATE REC'D | DATE OUT | SUSPENSE DATE | CROSS REFERENCE OR POINT OF FILING | |
| TO [REDACTED] | | FROM [REDACTED] | | ROUTING | DATE SENT |
| SUBJ. Adt 1 to [REDACTED]-5311 with [REDACTED] | | | | | |
| DISTR: Cy 1-CMD/OSA | | | | | |
| 2-Contractor | | | | | |
| 3-FOD/OSA | | | | | |
| 4-[REDACTED] | | | | | |
| 5-[REDACTED] | | | | | |
| COURIER NO. | ANSWERED | NO REPLY | | 2 | |

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Approved For Release 2000/05/05 : CIA-RDP71B00697R001800120012-4

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Copy 1 of 4

NEGOTIATED CONTRACT

Contract No. [REDACTED]-5311

25X1A

25X1A

Contract For: See Schedule

Amount: See Schedule

Mail Vouchers To:

Performance Period:
See Schedule

Administrative Data:

This contract is entered into by and between the United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the above-named Corporation, incorporated in the State of Delaware, hereinafter called the Contractor.

The parties hereto agree that the Contractor shall furnish the facilities and deliver all supplies and perform all the services set forth in the attached Schedule issued hereunder, for the consideration stated therein.

The rights and obligations of the parties to this contract shall be subject to and governed by the attached Schedule and the General Provisions, which, together with this signature page and the accompanying certificate comprise this Contract No. SA-5311. In the event of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of 24 JUN 1968.

Signatures:

25X1A

[REDACTED]

THE UNITED STATES OF AMERICA

25X1A

BY [REDACTED]

[REDACTED]

TITLE Manager, ECM Division

Contracting Officer

25X1A

Approved For Release 2000/05/05 : CIA-RDP71B00697R001800120012-4

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Contract No. [REDACTED]-5311

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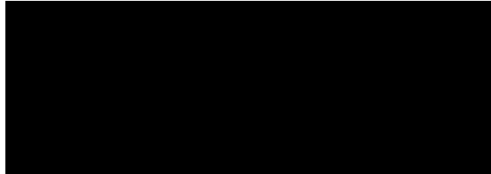
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CERTIFICATE

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I, [REDACTED], certify that I am the
Corporate Secretary of the Corporation named as Con-
tractor herein; that [REDACTED] who signed
this contract on behalf of the Contractor was then Manager,
ECM Division of said Corporation; that said Contract
was duly signed for and in behalf of said Corporation by
authority of its governing body, and is within the scope of
its Corporate Powers.

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(Corporate Seal)

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Contract No. [REDACTED]-5311

25X1A

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PART VI - SPECIAL SECURITY RESTRICTIONS 6

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Contract No. [REDACTED]-5311 25X1A

SCHEDULE

PART I - SERVICES TO BE PERFORMED

The Contractor shall furnish the services of competent engineering and technical personnel (as defined in Clause No. 1 of the General Provisions) as required by the Contracting Officer to perform the necessary installations, maintenance, repair, and overhaul of equipment of the kind furnished or to be furnished by the Contractor under various contracts between the parties hereto.

PART II - FUNDING AND PAYMENTS

A. In consideration of the Contractor's performance of the services hereunder, the Contractor shall be paid at the man-day rates set forth in the attached APPENDIX I in accordance with the Clause No. 4 entitled "Payments" of the attached General Provisions.

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B. There has been allocated for this contract the amount of [REDACTED]. This amount is contingent upon availability of FY-69 funds. The total amount payable to the Contractor under this contract shall not exceed this amount without the prior written authorization of the Contracting Officer.

PART III - PERIOD OF PERFORMANCE

The Contractor shall be required to perform the services called for hereunder from 1 July 1968 through 30 June 1969. The Government shall have the option of renewing this contract for FY-70 and the rates herein shall be used provisionally for the new year until new rates are negotiated for incorporation into this contract.

PART IV - SUPERVISION AND ADMINISTRATION

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The Contractor's personnel must be at all times be recognized as employees of [REDACTED] and, as such, under its administrative control. However, such personnel in

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the performance of their services shall be guided by and comply with the directions and requirements of the Contracting Officer or his authorized representative under whose authority services shall be performed in a manner satisfactory to the Contracting Officer.

Each Contractor employee shall submit an Attendance and Location Report Form to the Project Base Commander for verification and approval. The Attendance and Location Report Form shall be in accordance with the attached Exhibit "A". The Contractor shall submit copies of this form together with each invoice for verification of the hours billed.

Vacation leave will be granted at such time or times as may be mutually satisfactory to the contract personnel and the Project Base Commander. Vacation time will not be considered as time spent in the performance of services hereunder and, accordingly, the Government will not be billed directly for services or transportation during leave periods.

Sick leave of five consecutive days or more will not be considered as time spent in the performance of services hereunder and, accordingly, the Government will not be billed for services during extended periods of five days or more.

Emergency leave may be granted by Project Base Commander. All time used by a contract employee for emergency leave, including travel time, will be at no expense to the Government.

PART V - WAIVER OF REQUIREMENTS OF GENERAL PROVISIONS

Notwithstanding the requirements of any of the General Provisions of this contract to the contrary, whensoever the Contractor, in performance of the work under this contract, shall find that the requirements or any of the clauses of the General Provisions are in conflict with security instructions issued to the Contractor by the Contracting Officer or by his duly authorized representative for security matters, the Contractor shall call the attention of the Contracting Officer to such conflict and the Contracting Officer or his duly authorized representative for security matters shall (i) modify or rescind such security requirements or (ii) the Contracting Officer shall issue to the Contractor a waiver of compliance with the requirements of the General Provisions conflicting with such security requirements. Any waiver of compliance with the General Provisions of this contract issued

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by the Contracting Officer shall be in writing, except that the approval by the Contracting Officer or any subcontract issued hereunder by the Contractor shall be deemed to constitute approval of waiver of any clauses of the General Provisions in conflict with the stipulations of such subcontract.

PART VI - SPECIAL SECURITY RESTRICTIONS

The Contractor shall not reveal (i) the specific nature or any details of the work being performed hereunder or (ii) any information whatsoever with respect to the department of the Government sponsoring this contract and the work thereunder except as the Contractor is directed or permitted to reveal such information by the Contracting Officer or by his duly authorized representative for security matters, and notwithstanding any clause or section of this contract to the contrary, the Contractor shall not interpret any clause or section of this contract as requiring or permitting divulgence of such information to any person, public or private, or to any officer or department of the Government without the express consent of the Contracting Officer or his duly authorized representative for security matters.

PART VII - MONTHLY FINANCIAL REPORTS

The Contractor shall submit four copies of monthly financial reports in accordance with OSA-2266-67 as amended by OSA-4006-67.

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APPENDIX I

1. Statement of Services:

Furnish the services of Contractor Field Personnel, as requested by the Contracting Officer or his Technical Representative, to assist in the installation, ground operation, maintenance, and repair of the types of equipments furnished by the Contractor.

2. Rates:

| <u>Sites</u> | <u>Field Engineer</u> | <u>Senior Field Engineer</u> | |
|---|-----------------------|------------------------------|-------|
| a) Domestic Locations | | | |
| Per man-month | [REDACTED] | | 25X1A |
| Per man-day | [REDACTED] | | |
| b) Overseas - Non-Hazardous, Non-Isolated | | | |
| Per man-month | [REDACTED] | | 25X1A |
| Per man-day | [REDACTED] | | |
| c) Overseas - Non-Hazardous, Isolated | | | |
| Per man-month | [REDACTED] | | 25X1A |
| Per man-day | [REDACTED] | | |
| d) Overseas - Hazardous | | | |
| Per man-month | [REDACTED] | | 25X1A |
| Per man-day | [REDACTED] | | |

The rates stated above are based on eight (8) hours per day, forty (40) hours per week (Sunday through Saturday.) All of the above rates include allowance to the Contractor for vacation, sick leave, and holidays. All man-day rates are based on 21 working days per month.

3. Travel:

Contractor personnel shall perform such travel as necessary to perform the services required by the Government. Such travel will be by Government-furnished transportation,

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25X1A when available, or by commercial transportation. The Contractor shall be reimbursed for actual cost of transportation plus G&A of [REDACTED]

25X1A Travel by Contractor personnel via private motor vehicle shall be reimbursed at \$.10 per mile plus [REDACTED] G&A. When travel by Contractor personnel is accomplished in a Contractor-leased vehicle, reimbursement will be at the rate

25X1A of [REDACTED]

4. Per Diem

The Contractor will be reimbursed for per diem allowances paid its employees as follows:

(a) Domestic Locations

25X1A 1 - TDY

\$20.00 per day plus [REDACTED] G&A when quarters and messing are not provided by the Government.

No per diem when quarters and messing are provided by the Government.

25X1A 2 - PCS

[REDACTED] Detachment G - \$15.00 per day plus [REDACTED] G&A.

(b) Overseas

25X1A 1 - TDY

25X1A \$20.00 per day plus [REDACTED] G&A

\$15.00 per day plus [REDACTED] G&A when quarters are furnished by the Government.

2 - PCS

Detachment H - \$10.00 per day paid directly by the Base Finance Officer.

At other deployment sites - \$6.00 per day paid directly by the Base Finance Officer.

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In the event payment methods under 2a and b above are discontinued, the Contractor may commence payment of said per diem and the Government will reimburse the Contractor for said per diem payments plus [REDACTED] G&A.

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Per Diem will be allowed Contractor's employees while en route to and from permanent overseas duty stations at \$20.00 per day plus [REDACTED] G&A.

5. Domestic Locations:

Domestic locations shall be locations within the continental United States, which is hereby defined as the forty-eight contiguous states and the District of Columbia (excluding Hawaii and Alaska.)

6. Travel by Contractor's employees to and between domestic locations shall be coordinated with the Contracting Officer's Technical Representative, prior approval of such travel is not required from the Contracting Officer.

7. The rates proposed herein are considered provisional rates and new rates shall be proposed and negotiated.

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additional work or services within the general scope of the contract, change the place of delivery or method of shipment, or the amount of Government furnished property. If any such change causes an increase or decrease in the cost of or the time required for, performance of this contract, an equitable adjustment shall be made in the contract price, or time of performance, or both; and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within sixty (60) days from the date of receipt by the Contractor of the notification of change: provided, however, that the Contracting Officer, if he decides that the facts justify such action may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

3. INSPECTION.--All services, material and workmanship, shall be subject to inspection and test by representatives of the Government. For this purpose, the Contractor shall allow at all reasonable times inspectors and other Government personnel free access to the plant and operations and shall furnish such facilities, supplies, and services as may be required for this work.

4. PAYMENTS (Jul. 1955).

(a) The Contractor shall be paid in monthly installments upon submission of properly certified invoices therefor for services rendered and accepted less deductions, if any, as herein provided.

(b) Any payments in reimbursement of the cost of any transportation furnished by the Contractor for which it is entitled to be reimbursed under paragraph (a) of the Clause hereof entitled "Services Furnished by the Government" shall be made upon the submission of properly certified invoices and other evidence satisfactory to the Contracting Officer covering the expenditures for which reimbursement is so sought.

(c) If this contract provides for overseas services, the domestic rates, if any, specified in the Schedule are applicable to that portion of the time necessary for travel between the Contractor's plant and the overseas site which is spent within the continental limits of the United States.

5. ASSIGNMENT OF CLAIMS.--No assignment of claims shall be made under this contract without the prior written approval of the Contracting Officer.

6. FEDERAL, STATE, AND LOCAL TAXES (Aug. 1961). (The provisions of this clause shall be applicable only if this Contract is a negotiated contract in excess of \$10,000.00)--

(a) Except as may be otherwise provided in this contract, the contract price includes all applicable Federal, State, and local taxes and duties.

(b) Nevertheless, with respect to any Federal excise tax or duty on the transactions or property covered by this contract, if a statute, court decision, written ruling, or regulation takes effect after the contract date, and--

(1) results in the Contractor being required to pay or bear the burden of any such Federal excise tax or duty or increase in the rate thereof which would not otherwise have been payable on such transactions or property the contract price shall be increased by the amount of such tax or duty or rate increase, provided the Contractor warrants in writing that no amount for such newly imposed Federal excise tax or duty or rate increase was included in the contract price as a contingency reserve or otherwise; or

(2) results in the Contractor not being required to pay or bear the burden of, or in his obtaining a refund or drawback of, any such Federal excise tax or duty which would otherwise have been payable on such transactions or property or which was the basis of an increase in the contract price, the contract price shall be decreased by the amount of the relief, refund, or drawback, or that amount shall be paid to the Government, as directed by the Contracting Officer. The contract price shall be similarly decreased if the Contractor through his fault or negligence or his failure to follow instructions of the Contracting Officer, is required to pay or bear the burden of, or does not obtain a refund or drawback of any such Federal excise tax or duty.

(c) No adjustment of less than \$100 shall be made in the contract price pursuant to paragraph (b) above.

(d) As used in paragraph (b) above, the term "contract date" means the date set for bid opening, or if this is a negotiated contract, the contract date. As to additional supplies or services procured by modification to this contract, the term "contract date" means the date of such modification.

(e) Unless there does not exist any reasonable basis to sustain an exemption, the Government upon the request of the Contractor shall, without further liability, furnish evidence appropriate to establish exemption from any Federal, State, or local tax; provided that, evidence appropriate to establish exemption from any Federal excise tax or duty which may give rise to either an increase or decrease in the contract price will be furnished only at the discretion of the Government.

(f) The Contractor shall promptly notify the Contracting Officer of matters which will result in either an increase or decrease in the contract price, and shall take action with respect thereto as directed by the Contracting Officer.

7. DEFAULT (Jul. 1962).

(a) The Government may, subject to the provisions of paragraph (c) below, by written notice or default to the Contractor, terminate the whole or any part of this contract in any one of the following circumstances:

(i) If the Contractor fails to make delivery of the supplies or to perform the services within the time specified herein or any extension thereof; or

(ii) if the Contractor fails to perform any of the other provisions of this contract, or so fails to make progress as to endanger performance of this contract in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of 10 days (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from the Contracting Officer specifying such failure.

(b) In the event the Government terminates this contract in whole or in part as provided in paragraph (a) of this clause, the Government may procure, upon such terms and in such manner as the Contracting Officer may deem appropriate, supplies or services similar to those so terminated, and the Contractor shall be liable to the Government for any excess costs for such similar supplies or services; provided, that the Contractor shall continue the performance of this contract to the extent not terminated under the provisions of this clause.

(c) Except with respect to defaults of subcontractors, the Contractor shall not be liable for any excess costs if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to acts of God or of the public enemy,

acts of God, war, insurrection, its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required delivery schedule.

(d) If this contract is terminated as provided in paragraph (a) of this clause, the Government, in addition to any other rights provided in this clause, may require the Contractor to transfer title and deliver to the Government, in the manner and to the extent directed by the Contracting Officer, (i) any completed supplies, and (ii) such partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing materials") as the Contractor has specifically produced or specifically acquired for the performance of such part of this contract as has been terminated; and the Contractor shall, upon direction of the Contracting Officer, protect and preserve property in possession of the Contractor in which the Government has an interest. Payment for completed supplies delivered to and accepted by the Government shall be at the contract price. Payment for manufacturing materials delivered to and accepted by the Government and for the protection and preservation of property shall be in an amount agreed upon by the Contractor and Contracting Officer; failure to agree to such amount shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." The Government may withhold from amounts otherwise due the Contractor for such completed supplies or manufacturing materials such sum as the Contracting Officer determines to be necessary to protect the Government against loss because of outstanding liens or claims of former lien holders.

(e) If, after notice of termination of this contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, or that the default was excusable under the provisions of this clause, the rights and obligations of the parties shall, if the contract contains a clause providing for termination for convenience of the Government, be the same as if the notice of termination had been issued pursuant to such clause.

(f) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

8. DISPUTES. (Jan. 1958).--(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of his appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(b) This "Disputes" clause shall be subject to the consideration of law questions in connection with decisions provided for in paragraph (a) above: Provided, That nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

9. CONVICT LABOR (Mar. 1949).--In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence or imprisonment at hard labor.

10. CONTRACT WORK HOURS STANDARDS ACT--OVERTIME COMPENSATION. (June 1964) This contract, to the extent that it is of a character specified in the Contract Work Hours Standards Act (40 U.S.C. 327-330), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) Overtime Requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he is employed on such work to work in excess of eight hours in any calendar day or in excess of forty hours in such workweek on work subject to the provisions of the Contract Work Hours Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is the greater number of overtime hours.

(b) Violation; Liability for Unpaid Wages; Liquidated Damages. In the event of any violation of the provisions of paragraph (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of his standard workweek of forty hours without payment of the overtime wages required by paragraph (a).

(c) Withholding for Unpaid Wages and Liquidated Damages. The Contracting Officer may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of paragraph (b).

(d) Subcontracts. The Contractor shall insert paragraphs (a) through (d) of this clause in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(e) Records. The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for three years from the completion of the contract.

11. EQUAL OPPORTUNITY. (Apr. 1964) (The following clause is applicable unless this contract is exempt under the rules and regulations of the President's Committee on Equal Employment Opportunity (41 C.F.R. Chapter 60). Exemptions include contracts and subcontracts (i) not exceeding \$10,000, (ii) not exceeding \$100,000 for standard commercial supplies or raw materials, and (iii) under which work is performed outside the United States and no recruitment of workers within the United States is involved).

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment, without regard to their race, creed, color, or national origin.

Such action shall include but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Agency Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under this nondiscrimination clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, as amended, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

(e) The Contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, as amended, and by the rules, regulations, and orders of the said Committee or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, as amended, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (f) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to Section 303 of Executive Order No. 10925 of March 6, 1961, as amended, so that such provisions will be binding upon each subcontractor or vendor.* The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

*Unless otherwise provided, the "Equal Opportunity" clause is not required to be inserted in subcontracts below the second tier, except for subcontracts involving the performance of "construction work" at the "site of construction" (as those terms are defined in the Committee's rules and regulations) in which case the clause must be inserted in all such subcontracts. Subcontracts may incorporate by reference the "Equal Opportunity" clause.

12. OFFICIALS NOT TO BENEFIT (Jul. 1949).--No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

13. COVENANT AGAINST CONTINGENT FEES (Jan. 1958).--The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bonafide employees or bonafide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

14. TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (Oct. 1957).--(a) The performance of work under this contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective.

(b) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) discontinue all work to the extent and on the dates specified in such Notice; (2) proceed promptly with the return to its plant of such of its Contractor personnel as may be covered by said Notice; and (3) transfer title and deliver to the Government, in the manner, and to the extent and at the times directed by the Contracting Officer, the completed and partially completed work, material, plans, drawings, data, information, reports, and other property produced as a part of, or acquired in connection with the performance of the work terminated in such Notice.

(c) Upon termination of work, as provided in this clause, the Contractor shall in respect to such Contractor Personnel as may be covered by said Notice of Termination, be paid that part of the fixed price set forth in the clause of this contract entitled "Payments" which has accrued for services rendered hereunder up to the effective date of such Notice, and for time necessary for such Contractor Personnel to return to the plant of the Contractor after the effective date of said Notice and any other amounts properly owing to the Contractor under said "Payments" clause which are theretofore unpaid. If, at the date of said Notice, certain costs have actually been incurred by the Contractor in connection with the contract preliminary to the departure of the Contractor Personnel covered by said Notice of Termination from the plant of the Contractor which are allocable to the entire period of performance contemplated hereunder, the Government will pay to the Contractor such sum as the Contracting Officer and the Contractor may agree is properly allocable to the terminated portion of the contract. Settlement under the provisions of this paragraph (c) shall be evidenced by a Supplemental Agreement to the contract. In the event of the failure of the Contractor and the Contracting Officer to agree upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, the Contracting Officer shall determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall pay to the Contractor the amount so determined.

(d) Any dispute arising out of the termination of the contract under this clause shall be decided in accordance with the procedure prescribed in the "Disputes" clause hereof.

15. SUBCONTRACTS FOR WORK OR SERVICE.--No contract shall be made by the Contractor with any other party for furnishing any of the work or services herein contracted for without the written approval of the Contracting Officer, but this provision will not be taken as requiring the approval of contracts of employment between the Contractor and personnel assigned for services thereunder.

16. AUDIT AND RECORDS (Sep. 1964) (a) The Contractor shall maintain books, records, documents, and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this contract. The foregoing constitute "records" for the purposes of this clause.

(b) The Contractor's plants, or such part thereof as may be engaged in the performance of this contract, and his records shall be subject at all reasonable times to inspection and audit by the Contracting Officer or his duly authorized representative.

(c) The Contractor shall preserve and make available his records (i) until the expiration of three years from the date of final payment under this contract, and (ii) for such longer period, if any, as is required by applicable statute, or by other clauses of this contract, or by (A) or (B) below.

(A) If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.

(B) Records which relate to (i) appeals under the "Disputes" clause of this contract or (ii) litigation or settlement of such claims arising out of the performance of this contract, shall be retained until such appeals, litigation, or claims have been disposed of.

(d) (1) The Contractor shall insert the substance of this clause, including the whole of this paragraph (d), in each subcontract hereunder that is not on a firm fixed-price basis.

(2) The Contractor shall insert the substance of the following clause in each firm fixed-price subcontract hereunder in excess of \$100,000, except those subcontracts covered by subparagraph (3) below.

AUDIT--

(a) For purposes of verifying that cost or pricing data submitted in conjunction with negotiation of this contract or any contract change or other modification involving an amount in excess of \$100,000 are accurate, complete and current, the Contracting Officer, or his authorized representatives, shall--until the expiration of three years from the date of final payment under this contract--have the right to examine those books, records, documents, and other supporting data which will permit adequate evaluation of the cost of pricing data submitted, along with the computations and projections used therein, which were available to the Contractor as of the date of execution of the Contractor's Certificate of Current Cost or Pricing Data.

(b) The Contractor agrees to insert the substance of this clause including this paragraph (b) in all subcontracts hereunder in excess of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(3) The Contractor shall insert the substance of the following clause in each firm fixed-price subcontract hereunder in excess of \$100,000 where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

AUDIT--PRICE ADJUSTMENTS

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000 unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public or prices set by law or regulation and further provided that such change or other modification to this contract must result from a change or other modification to the Government prime contract.

(b) For purposes of verifying that any cost or pricing data submitted in conjunction with a contract change or other modification involving an amount in excess of \$100,000 are accurate, complete, and current, the Contracting Officer, or his authorized representatives, shall--until the expiration of three years from the date of final payment under this contract--have the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Contractor as of the date of execution of the Contractor's Certificate of Current Cost or Pricing Data.

(c) The Contractor agrees to insert the substance of this clause including this paragraph (c) in all subcontracts hereunder in excess of \$100,000, so as to apply until three years after final payment of the subcontract.

17. EXAMINATION OF RECORDS (Feb. 1962)--(The Provisions of this clause shall be applicable only if this contract is a negotiated contract in excess of \$2500.)--

(a) The Contractor agrees that the Appropriate Audit representatives of the Government shall, until the expiration of three (3) years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract.

(b) The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Appropriate Audit representatives of the Government shall, until the expiration of three (3) years after final payment under the subcontract have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor involving transactions related to the subcontract. The term "Subcontract" as used in this clause excludes (i) purchase orders not exceeding \$2500 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

18. GRATUITIES (Mar. 1952).--(a) The Government may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Secretary or his duly authorized representative that gratuities (in the form of entertainment, gifts or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing, of such contract; provided that the existence of the facts upon which the Secretary or his duly authorized representative makes such findings shall be in issue and may be reviewed in any competent court.

and its representative makes such findings shall be in issue and may be reviewed in any competent court.

(b) In the event this contract is terminated as provided in paragraph (a) hereof, the Government shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than three nor more than ten times the cost incurred by the Contractor in providing any such gratuities to any such officer or employee.

(c) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

19. CONTRACTOR PERSONNEL (Mar. 1960).--(a) Subject to the provisions of PART II of the Schedule, the number of contractor personnel and the number of man-months specified in the Schedule may be exceeded with the prior written approval of the Contracting Officer, but only to the extent necessary to provide continuous service in the event that a transfer, reassignment, or other cause would result in an interruption of service.

(b) Contractor personnel will normally be assigned to major air command headquarters. Such personnel shall perform services at such places within the command as the Contracting Officer may direct.

(c) The Contractor shall be responsible for selecting personnel who are well qualified to perform the required services, for supervising techniques used in their work, and for keeping them informed of all improvements, changes and methods of operations.

(d) Contractor personnel, upon assignment, either within the continental limits of the United States or overseas, are subject to call 24 hours a day. Normally, they will perform their assigned duties on the same daily and hourly basis as the personnel of the organization to which they are assigned. Holidays will be observed in accordance with the direction of the Commander of the air activity to which Contractor personnel are assigned. In the event that a Contractor employee is required to perform services hereunder on an observed holiday, reimbursement shall be made as provided in the Schedule.

(e) The Contractor shall be required to furnish a replacement for any Contractor personnel who may be returned to the Contractor's plant or become incapacitated or die or otherwise be unable to complete performance hereunder prior to the expiration of the period of performance, unless otherwise agreed upon by the parties hereto.

(f) The Contractor shall furnish all necessary equipment, salaries, and wages of its personnel, all costs of subsistence and lodging, costs of passports, insurance, and any and all other costs in connection with the services to be rendered hereunder, except as otherwise provided in the Clause hereof entitled "Services Furnished by the Government."

(g) The Contractor, promptly after receipt of official notice from the Contracting Officer that the services of Contractor personnel are required hereunder, shall furnish in writing to the Contracting Officer the name of each person assigned by the Contractor under this contract, his qualifications, his security clearance, and such other pertinent information as the Contracting Officer may request. The Contractor shall have the right to replace or transfer its personnel and to substitute other qualified personnel in lieu thereof; provided, however, that such transfers

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or reassignment of personnel shall be coordinated with the Contracting Officer and that such replacements or transfers have been coordinated with the Contracting Officer. Any transfers or reassignments for the convenience of the Contractor, including travel and training cost of replacement personnel, shall be at the Contractor's expense. Transfers and reassignments of personnel shall be construed as being for the convenience of the Contractor unless directed or approved by the Contracting Officer or his authorized representative. The selection of personnel by the Contractor shall be subject to approval of the Contracting Officer.

(h) The Contracting Officer may, if he finds it to be in the best interest of the Government, direct the Contractor to remove, and the Contractor shall remove, any employee from an assignment to perform services under this contract.

(i) The Contractor shall furnish to and file with the Contracting Officer such copies of the Employment Contracts, if any, entered into with Contractor personnel engaged in performing the services to be rendered under this contract, as may be required by the Contracting Officer.

(j) Personnel employed by the Contractor hereunder and sent overseas shall be accredited to the United States Air Force with a recognized status under the Hague Regulations and the Geneva Conventions, shall be given proper credentials and identification cards, shall wear a uniform when prescribed by the theater commander, shall be subject to appropriate recognition under the rules of war, and shall be subject to such regulations as have been or may hereafter be issued by the United States Air Force governing Contractor personnel serving with the United States Air Force in foreign theaters of operation.

(k) Supervision: Notwithstanding the foregoing, contract technical services personnel shall at all times be recognized as under the Contractor's administrative and technical supervision. However, the Contractor and Contractor's personnel, in the performance of the services hereunder, be guided by and comply with, the direction and requirements of the Project Base Commander or his authorized representative, under whose authority said services shall be performed in a satisfactory manner.

(l) The Longshoreman's and Harbor Workers Compensation Act of December 2, 1942 as amended (42USC 1701-1717) provides compensation to employees of Contractors in the event of capture, therefore a special "Capture and Detention" clause is not incorporated into this contract.

20. PERIOD OF PERFORMANCE (Nov. 1958).--(a) The services shall be performed during the period set forth in PART III of the Schedule, but the time of starting and ending performance and the number of Contractor personnel furnished at any time shall be as directed by the Contracting Officer.

(b) It is understood that time necessary for Contractor personnel to proceed from the plant or plants of the Contractor to the site or sites for the performance of services hereunder shall be considered as time spent in the performance of services hereunder. It is also understood that time necessary for the transfer of Contractor personnel between different sites for the performance of services hereunder and time necessary for the return of such personnel to the plant of the Contractor shall be considered as time spent in the performance of services hereunder.

21. SERVICES FURNISHED BY THE GOVERNMENT (Oct. 1962).--In connection with services to be rendered hereunder, the Government shall furnish and supply to the Contractor the following facilities and services:

(a) Suitable transportation for Contractor personnel and their baggage and for any equipment to be furnished by the Contractor hereunder from the Contractor's

plant to the site or sites of work, at any site of work while on official business, between sites of work, and return to the plant of the Contractor. In the event of failure by the Government to furnish suitable transportation, the Contractor shall furnish such transportation, and the Government will reimburse the Contractor for the actual and reasonable cost of such transportation, provided the same has been approved as provided in this paragraph. All travel of Contractor personnel will require prior approval from the Commander of the major Air Command having operating responsibility in connection with this contract, except that prior approval of nonexpense travel in connection with the unit mission is not required.

(b) Use of Government communication facilities for the exchange of messages between Contractor personnel and the Contractor, where and when available if the Contractor is unable to procure commercial communication services; but the use thereof shall be subject to the regulations of the representatives of the Government in charge thereof.

(c) Use of Government services and agencies in the transmittal of funds to Contractor personnel and as a medium of commercial exchange for said personnel when adequate commercial services and facilities are not available.

(d) Contractor personnel assigned to Air Force activities will be accorded the same privileges as military company grade officers with regard to bachelor officer quarters, local transportation and messing, when available. Emergency medical facilities may be furnished as prescribed by applicable regulations.

22. MILITARY SECURITY REQUIREMENTS (Jun. 1958).--This clause, and in particular "c" and "d" thereunder shall be applicable only to the extent as authorized by the security representative of the Contracting Officer. (a) The provisions of this clause shall apply to the extent that this contract involves access to information classified "Confidential" including "Confidential--Modified Handling Authorized" or higher.

(b) The Government shall notify the Contractor of the security classification of this contract, and the elements thereof, and of any subsequent revisions in such security classification, by the use of a Security Requirements Check List (DD Form 254), or other written notification.

(c) To the extent the Government has indicated as of the date of this contract or thereafter indicates security classification under this contract as provided in paragraph (b) above, the Contractor shall safeguard all classified elements of this contract and shall provide and maintain a system of security controls within his own organization in accordance with the requirements of:

(i) the Security Agreement (DD Form 441), including the Department of Defense Industrial Security Manual for Safeguarding Classified Information as in effect on the date of this contract, and any modification to the Security Agreement for the purpose of adapting the Manual to the Contractor's business; and

(ii) any amendments to said Manual made after the date of this contract, notice of which has been furnished to the Contractor by the Security Office of the Military Department having security cognizance over the facility.

(d) Representatives of the Military Department having security cognizance over the facility and representatives of the Contracting Military Department shall have the right to inspect at reasonable intervals the procedures, methods, and facilities utilized by the Contractor in complying with the security requirements under this contract. Should the Government, through these representatives, determine that the Contractor is not complying with the security requirements of this contract, the Contractor shall be informed in writing by the Security Office of the cognizant

Military Department of the proper action to be taken in order to effect compliance with such requirements.

(e) If subsequent to the date of this contract, the security classifications or security requirements under this contract are changed by the Government as provided in this clause and the security costs under this contract are thereby increased or decreased, the contract price shall be subject to an equitable adjustment by reason of such increased or decreased costs. Any equitable adjustment shall be accomplished in the same manner as if such changes were directed under the "Changes" clause in this contract.

(f) The Contractor agrees to insert, in all subcontracts hereunder which involve access to classified information, provisions which shall conform substantially to the language of this clause, including paragraph (f) but excluding the last sentence (e) of this clause.

(g) The Contractor also agrees that he shall determine that any subcontractor proposed by him for the furnishing of supplies and services which will involve access to classified information in the Contractor's custody has been granted an appropriate facility security clearance, which is still in effect, prior to being accorded access to such classified information.

23. GOVERNMENT PROPERTY (FIXED PRICE) (June 1965)--(a) Government-Furnished Property. The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the property described as Government-furnished property in the Schedule or specifications, together with such related data and information as the Contractor may request and as may reasonably be required for the intended use of such property (hereinafter referred to as "Government-furnished property"). The delivery or performance dates for the supplies or services to be furnished by the Contractor under this contract are based upon the expectation that Government-furnished property suitable for use (except for such property furnished "as is") will be delivered to the Contractor at the times stated in the Schedule or, if not so stated, in sufficient time to enable the Contractor to meet such delivery or performance dates. In the event that Government-furnished property is not delivered to the Contractor by such time or times, the Contracting Officer shall, upon timely written request made by the Contractor, make a determination of the delay, if any, occasioned the Contractor thereby, and shall equitably adjust the delivery or performance dates or the contract price, or both, and any other contractual provision affected by any such delay, in accordance with the procedures provided for in the clause of this contract entitled "Changes." Except for Government-furnished property furnished "as is," in the event the Government-furnished property is received by the Contractor in a condition not suitable for the intended use the Contractor shall, upon receipt thereof, notify the Contracting Officer of such fact and, as directed by the Contracting Officer, either (i) return such property at the Government's expense or otherwise dispose of the property, or (ii) effect repairs or modifications. Upon the completion of (i) or (ii) above, the Contracting Officer upon written request of the Contractor shall equitably adjust the delivery or performance dates or the contract price, or both, and any other contractual provision affected by the rejection or disposition, or the repair or modification, in accordance with the procedures provided for in the clause of this contract entitled "Changes." The foregoing provisions for adjustment are exclusive and the Government shall not be liable to suit for breach of contract by reason of any delay in delivery of Government-furnished property or delivery of such property in a condition not suitable for its intended use.

(b) Changes in Government-Furnished Property.

(1) By notice in writing, the Contracting Officer may (i) decrease the property provided or to be provided by the Government under this contract, or (ii) substitute other Government-owned property for property to be provided by the Government,

or to be acquired by the Contractor for the Government, under this contract. The Contractor shall promptly take such action as the Contracting Officer may direct with respect to the removal and shipping of property covered by such notice.

(2) In the event of any decrease in or substitution of property pursuant to subparagraph (1) above, or any withdrawal of authority to use property provided under any other contract or lease, which property the Government had agreed in the Schedule to make available for the performance of this contract, the Contracting Officer upon the written request of the Contractor (or, if the substitution of property causes a decrease in the cost of performance on his own initiative), shall equitably adjust such contractual provisions as may be affected by the decrease, substitution, or withdrawal, in accordance with the procedures provided for in the "Changes" clause of this contract.

(c) Title. Title to all property furnished by the Government shall remain in the Government. In order to define the obligations of the parties under this clause, title to each item of facilities, special test equipment, and special tooling (other than that subject to a "Special Tooling" clause) acquired by the Contractor for the Government pursuant to this contract shall pass to and vest in the Government when its use in the performance of this contract commences, or upon payment therefor by the Government whichever is earlier, whether or not title previously vested. All Government-furnished property, together with all property acquired by the Contractor title to which vests in the Government under this paragraph, is subject to the provisions of this clause and is hereinafter collectively referred to as "Government property." Title to Government property shall not be affected by the incorporation or attachment thereof to any property not owned by the Government, nor shall such Government property, or any part thereof, be or become a fixture or lose its identity as personality by reason of affixation to any reality.

(d) Property Administration. The Contractor shall comply with the provisions of the "Manual for Control of Government Property in Possession of Contractors" (Appendix B, Armed Services Procurement Regulation) as in effect on the date of the contract, which Manual is hereby incorporated by reference and made a part of this contract. Material to be furnished by the Government shall be ordered or returned by the Contractor, when required, in accordance with the "Manual for Military Standard Requisitioning and Issue Procedure (MILSTRIP) for Defense Contractors" (Appendix II, Armed Services Procurement Regulation) as in effect on the date of this contract, which Manual is hereby incorporated by reference and made a part of this contract.

(e) Use of Government Property. The Government property shall, unless otherwise provided herein or approved by the Contracting Officer, be used only for the performance of this contract.

(f) Maintenance and Repair of Government Property. The Contractor shall maintain and administer, in accordance with sound industrial practice, a program for the maintenance, repair, protection, and preservation of Government property, until disposed of by the Contractor in accordance with this clause. In the event that any damage occurs to Government property the risk of which has been assumed by the Government under this contract, the Government shall replace such items or the Contractor shall make such repair of the property as the Government directs; provided, however, that if the Contractor cannot effect such repair within the time required, the Contractor shall dispose of such property in the manner directed by the Contracting Officer. The contract price includes no compensation to the Contractor for the performance of any repair or replacement for which the Government is responsible, and an equitable adjustment will be made in any contractual provisions affected by such repair or replacement of Government property made at the direction of the Government, in accordance with the procedures provided for in the "Changes" clause of this contract. Any repair or replacement for which the Contractor is responsible

under the provisions of this contract shall be accomplished by the Contractor at his own expense.

(g) Risk of Loss. Unless provided in this contract, the Contractor assumes the risk of, and shall be responsible for, any loss of or damage to Government property provided under this contract upon its delivery to him or upon passage of title thereto to the Government as provided in paragraph (c) hereof, except for reasonable wear and tear and except to the extent that such property is consumed in the performance of this contract.

(If the Contractor is required to submit cost or pricing data in accordance with ASPR 3-807.3 this paragraph (g) shall be applicable in lieu of paragraph (g) above.)

(g) Risk of loss.

(1) Except for loss, destruction or damage resulting from a failure of the Contractor due to willful misconduct or lack of good faith of any of the Contractor's managerial personnel as defined herein, to maintain and administer the program for the maintenance, repair, protection and preservation of the Government property as required by paragraph (f) hereof, and except as specifically provided in the clause or clauses of this contract designated in the Schedule, the Contractor shall not be liable for loss or destruction of or damage to the Government property provided under this contract:

(i) caused by any peril while the property is in transit off the contractor's premises; or

(ii) caused by any of the following perils while the property is on the Contractor's or subcontractor's premises, or on any other premises where such property may properly be located, or by the removal therefrom because of any of the following perils--

(A) fire; lightning, windstorm, cyclone, tornado, hail; explosion; riot, riot attending a strike, civil commotion; vandalism and malicious mischief; sabotage; aircraft or objects falling therefrom; vehicles running on land or tracks, excluding vehicles owned or operated by the Contractor or any agent or employee of the Contractor; smoke; sprinkler leakage; earthquake or volcanic eruption; flood, meaning thereby rising of a body of water; nuclear reaction, nuclear radiation or radioactive contamination; hostile or warlike action, including action in hindering, combating, or defending against an actual, impending or expected attack by any government or sovereign power (de jure or de facto), or by any authority using military, naval, or air forces; or by an agent of any such government, power, authority, or forces; or

(B) other peril, of a type not listed above, if such other peril is customarily covered by insurance (or by a reserve for self-insurance) in accordance with the normal practice of the Contractor, or the prevailing practice in the industry in which the Contractor is engaged with respect to similar property in the same general locale.

The perils set forth in (i) and (ii) above are hereinafter called "excepted perils."

If the Contractor transfers Government property to the possession and control of a subcontractor, the transfer shall not affect the liability of the Contractor for loss or destruction of or damage to the property as set forth above. However, the Contractor shall require the subcontractor to assume the risk of, and be responsible for, any loss or destruction of or damage to the property while in the latter's possession or control, except to the extent that the subcontract with the prior approval of the Contracting Officer, provides for the relief of the subcontractor

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from such liability. In the absence of such approval, the subcontract shall contain appropriate provisions requiring the return of all Government property in as good condition as when received, except for reasonable wear and tear or for the utilization of the property in accordance with the provisions of the prime contract.

The term "Contractor's managerial personnel" as used herein means the Contractor's directors, officers and any of his managers, superintendents, or other equivalent representatives who have supervision or direction of:

- (i) all or substantially all of the Contractor's business;
- (ii) all or substantially all of the Contractor's operation at any one plant or separate location at which the contract is being performed; or
- (iii) a separate and complete major industrial operation in connection with the performance of this contract.

(2) The Contractor represents that he is not including in the price hereunder, and agrees that he will not hereafter include in any price to the Government, any change or reserve for insurance (including any self-insurance funds or reserve) covering loss or destruction of or damage to the Government property caused by any excepted peril.

(3) Upon the happening of loss or destruction of or damage to any Government property caused by an excepted peril, the Contractor shall notify the Contracting Officer thereof, and shall communicate with the Loss and Salvage Organization, if any, now or hereafter designated by the Contracting Officer, and with the assistance of the Loss and Salvage Organization so designated (unless the Contracting Officer has directed that no such organization be employed), shall take all reasonable steps to protect the Government property from further damage, separate the damaged and undamaged Government property; put all the Government property in the best possible order, and furnish to the Contracting Officer a statement of:

- (i) the lost, destroyed, and damaged Government property;
- (ii) the time and origin of the loss, destruction or damage;
- (iii) all known interests commingled property of which the Government property is a part; and
- (iv) the insurance, if any, covering any part of or interest in such commingled property.

The Contractor shall be entitled to an equitable adjustment in the contract price for the expenditures made by him in performing his obligations under this subparagraph (3) (including charges made to the Contractor by the Loss and Salvage Organization, except any of such charges the payment of which the Government has, at its option, assumed directly), in accordance with the procedures provided for in the "Changes" clause of this contract.

(4) With the approval of the Contracting Officer after loss or destruction of or damage to Government property, and subject to such conditions and limitations as may be imposed by the Contracting Officer, the Contractor may, in order to minimize the loss to the Government or in order to permit resumption of business or the like, sell for the account of the Government any item of Government property which has been damaged beyond practicable repair, or which is so commingled or combined with property of others, including the Contractor, that separation is impracticable.

(5) Except to the extent of any loss or destruction of or damage to Government property for which the Contractor is relieved of liability under the foregoing provisions of this clause, and except for reasonable wear and tear of depreciation, or the utilization of the Government property in accordance with the provisions of this contract, the Contractor assumes the risk of, and shall be responsible for, any loss or destruction of or damage to the Government property, and such property (other

than that which is permitted to be sold) shall be returned to the Government in as good condition as when received by the Contractor in connection with this contract, or as repaired under paragraph (f) above.

(6) In the event the Contractor is reimbursed or compensated for any loss or destruction of or damage to the Government property, caused by an excepted peril, he shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer, shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of or damage to the Government property, the Contractor shall enforce the liability of the subcontractor for such loss or destruction of or damage to the Government property for the benefit of the Government.

(7) If this contract is for the development, production, modification, maintenance or overhaul of aircraft, or otherwise involves the furnishing of aircraft by the Government, the "Ground and Flight Risk" clause of this contract shall control, to the extent it is applicable, in the case of loss or destruction of, or damage to, aircraft.

(h) Access. The Government, and any persons designated by it, shall at all reasonable times have access to the premises wherein any such Government property is located, for the purpose of inspecting the Government property.

(i) Final Accounting and Disposition of Government Property. Upon the completion of this contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government property not consumed in the performance of this contract (including any resulting scrap) or not theretofore delivered to the Government, and shall prepare for shipment, deliver f.o.b. origin, or dispose of the Government property as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the contract price or shall be paid in such other manner as the Contracting Officer may direct.

(j) Restoration of Contractor's Premises. Unless otherwise provided herein, the Government:

- (i) may abandon any Government property in place, and thereupon all obligations of the Government regarding such abandoned property shall cease; and
- (ii) shall not be under any duty or obligation to restore or rehabilitate, or to pay the costs of the restoration or rehabilitation of, the Contractor's plant or any portion thereof which is affected by the abandonment or removal of any Government property.

(k) Communications. All communications issued pursuant to this clause shall be in writing or in accordance with the "Manual for Military Standard Requisitioning and Issue Procedure (MILSTRIP) for Defense Contractor's" (Appendix II, Armed Services Procurement Regulation.)

24. NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (Jan. 1965)
The provisions of this clause shall be applicable only if the amount of this contract exceeds \$10,000.

(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the Contractor has knowledge.

(b) In the event of any suit against the Government made before suit has been instituted, on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed hereunder, the Contractor shall furnish to the Government, upon request, all evidence and information in possession of the Contractor pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of the Government except in those cases in which the Contractor has agreed to indemnify the Government against the claim being asserted.

(c) This clause shall be included in all subcontracts.

25. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (Sep. 1964) (a) If the Contracting Officer determines that any price, including profit or fee, negotiated in connection with this contract was increased by any significant sums because the Contractor, or any subcontractor in connection with a subcontract covered by (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as certified in the Contractor's Certificate of Current Cost or Pricing Data, then such price shall be reduced accordingly and the contract shall be modified in writing to reflect such adjustment.

(b) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(c) The Contractor agrees to insert the substance of paragraphs (a) and (c) of this clause in each of his cost-reimbursement type, price redeterminable, or incentive subcontracts hereunder, and in any other subcontract hereunder in excess of \$100,000 unless the price is based on adequate price competition, quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder which exceeds \$100,000, the Contractor shall insert the substance of the following clause.

PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA--PRICE ADJUSTMENTS

(a) This clause shall become operative only with respect to any change or other modifications made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000, except where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. The right to price reduction under this clause shall be limited to such price adjustments.

(b) If the Contractor determines that any price, including profit or fee, negotiated in connection with any price adjustment within the purview of paragraph (a) above was increased by any significant sum because the subcontractor or any of his subcontractors in connection with a subcontract covered by paragraph (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as of the date of execution of the subcontractor's certificate of current cost or pricing data, then such price shall be reduced accordingly and the subcontract shall be modified in writing to reflect such adjustment.

(c) The subcontractor agrees to insert the substance of this clause in each subcontract hereunder which exceeds \$100,000.

26. SUBCONTRACTOR COST AND PRICING DATA (99-100) (See The Contractor shall require subcontractors hereunder to submit cost or pricing data under the following circumstances: (i) prior to award of any cost-reimbursement type, incentive, or price redeterminable subcontract; (ii) prior to the award of any subcontract the price of which is expected to exceed \$100,000; (iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000; except in the case of (ii) or (iii) where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) The Contractor shall require subcontractors to certify, in substantially the same form as that used in the certificate by the Prime Contractor to the Government, that to the best of their knowledge and belief, the cost and pricing data submitted under (a) above is accurate, complete, and current as of the date of execution, which date shall be as close as possible to the date of agreement on the negotiated price of the subcontract.

(c) The Contractor shall insert the substance of this clause including this paragraph (c) in each of his cost-reimbursement type, price redeterminable, or incentive subcontract hereunder, and in any other subcontract hereunder which exceeds \$100,000 except where the price thereof is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder in excess of \$100,000, the Contractor shall insert the substance of the following clause:

SUBCONTRACTOR COST AND PRICING DATA--PRICE ADJUSTMENTS

(a) Paragraphs (b) and (c) of this clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The requirements of this clause shall be limited to such price adjustments.

(b) The Contractor shall require subcontractors hereunder to submit cost or pricing data under the following circumstances: (i) prior to award of any cost-reimbursement type, incentive or price redeterminable subcontract; (ii) prior to award of any subcontract, the price of which is expected to exceed \$100,000; (iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000; except, in the case of (ii) or (iii), where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(c) The Contractor shall require subcontractors to certify, in substantially the same form as that used in the certificate by the Prime Contractor to the Government, that to the best of their knowledge and belief the cost and pricing data submitted under (b) above is accurate, complete, and current as of the date of execution which date shall be as close as possible to the date of agreement on the negotiated price of the contract modification.

(d) The Contractor shall insert the substance of this clause including this paragraph (d) in each subcontract hereunder which exceeds \$100,000.

27. TECHNICAL INFORMATION (Oct. 1958).--(The provisions of the following clause entitled "Technical Information" shall be applicable only to work required by this Contract which is to be performed outside the United States, its territories, its possessions or Puerto Rico.)

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The Government ~~Approved For Release 2000/05/05 : CIA-RDP71B00697R001800120012-4~~ governmental purposes, including delivery to other governments for the furtherance of mutual defense of the United States Government and such other governments, all or any part of the technical information including reports, drawings, blueprints, and other data specified to be delivered by the Contractor to the Government under this contract.

28. REPORTING OF ROYALTIES (FOREIGN) (Jan. 1958).--(The provisions of the following clause entitled "Reporting of Royalties (Foreign)" shall be applicable only to work required by this contract which is to be performed outside the United States, its territories, its possessions or Puerto Rico.)

If this contract is in an amount which exceeds \$50,000, the Contractor shall report in writing to the Contracting Officer during the performance of this contract the amount of royalties paid or to be paid by the Contractor directly to others in the performance of this contract. The Contractor shall also (i) furnish in writing any additional information relating to such royalties as may be requested by the Contracting Officer and (ii) insert a provision similar to this clause in any subcontract hereunder which involves an amount in excess of the equivalent of fifty thousand United States dollars.

29. INTEREST (May 1963).--Notwithstanding any other provision of this contract, unless paid within 30 days all amounts that become payable by the Contractor to the Government under this contract (net of any applicable tax credit under the Internal Revenue Code) shall bear interest at the rate of six percent per annum from the date due until paid and shall be subject to adjustments as provided by Part 6 of Appendix E of the Armed Services Procurement Regulation, as in effect on the date of this contract. Amounts shall be due upon the earliest one of (i) the date fixed pursuant to this contract, (ii) the date of the first written demand for payment, consistent with this contract, (iii) the date of transmittal by the Government to the Contractor of a proposed supplemental agreement to confirm completed negotiations fixing the amount, or (iv) if this contract provides for revision of prices, the date of written notice to the Contractor stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by contract supplement.

30. ALTERATIONS.

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