

Agreement made this 8th day of March 1951, between the United States of America (hereinafter called the Government") represented by the Contracting Officer executing this contract, and [REDACTED]

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[REDACTED] having its principal place of business at [REDACTED] (hereinafter called "the Contractor").

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WITNESSETH:

WHEREAS, the Contractor maintains facilities for research and development as hereinafter specified requiring the services of qualified personnel; and

WHEREAS, the Government desires the Contractor to conduct such research and development work, and construct whatever equipment or articles may be hereinafter specified; and

WHEREAS, the Contractor is willing to provide said facilities and qualified personnel and undertake such work on a cost basis as hereinafter specified; and

WHEREAS, the contemplated work will require that a substantial part of the materials, supplies, and other articles required therefor be either consumed or incorporated into equipment or other articles to be developed during the course of the work,

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1. SUBJECT WORK

(a) Definitions. "Contracting Officer" refers to the present Contracting Officer and his successors in office. "Director" refers to the present Director of the Agency and his successors in office. "Authorized Representative" refers to any person designated in writing as such by the Contracting Officer or the Director, and such person can act hereunder only in the limited respects and to the extent specified in provisions of this contract wherein the term "Authorized Representative" is specifically used.

(b) Scope of Subject Work. The Contractor shall, with the utmost secrecy and dispatch and in accordance with the instructions issued by the Contracting Officer or his authorized representative, supply the necessary qualified personnel and facilities for, and conduct studies and experimental investigations in connection with the problem of the capabilities of the Union of Soviet Socialist Republics in Geodesy and Cartography as detailed in Schedule "A" attached hereto and made a part hereof. The Contractor shall cooperate in consultation and otherwise as may be practicable with the Contracting Officer or his authorized representative.

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DOCUMENT NO. 1
NO CHANGE IN CLASS. (1)
(1) DECLASSIFIED
CLASS. CHANGED TO: TS (S)
NEXT REVIEW DATE: 01/19/87
AUTH: HS 70
DATE: 7-11-77 REVIEWER: 372044

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upon the request of either. The Contractor shall report the progress of such work at intervals as hereinafter specified or as otherwise directed by the Contracting Officer or his authorized representative. The Contractor shall prepare specifications and reports and supply full information concerning the components, devices, apparatus and methods with which this contract is concerned, and shall deliver them, together with all models developed hereunder, to the Contracting Officer or his designee upon their request. The Contractor shall furnish a complete and final report of work under this contract, and shall maintain records in which descriptions and illustrations of any inventions made in this work shall be entered as they are made, with appropriate dates, signatures, and witnesses. The Contractor's undertakings under this paragraph are hereinafter called "the Subject Work".

(c) Duration of Subject Work. The Contractor shall proceed with the Subject Work until 8 April 1953, following the execution of this agreement or until such later date as may be authorized in writing by the Contracting Officer and agreed to by the Contractor.

ARTICLE 2. TERMINATION.

The Government may at any time advance the date of termination indicated in 1(c) above, by giving the Contractor notice in writing. Upon receipt of such notice from the Government, the Contractor shall exercise all reasonable diligence to obtain the cancellation of its outstanding commitments hereunder running beyond such termination date, but may be reimbursed for reasonable termination charges in conformance with the standards established in APPENDIX I, entitled "Termination by the Government", which is hereby made a part of this agreement by reference and attachment hereto.

ARTICLE 3. COMPENSATION.

The Government shall pay to the Contractor as full compensation for the performance of this contract the Allowable Costs as computed hereunder:

(a) Maximum Allowable Costs. Costs for which the Contractor may be reimbursed upon the submission of certified vouchers approved by the Contracting Officer shall not exceed [REDACTED]

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(b) Cost Escape. Notwithstanding any other provision hereof, when and if costs in the amount stated in paragraph (a) of this Article 3, shall have been incurred or obligated hereunder, the

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Contractor shall not incur or obligate further ~~actual~~ costs hereunder unless and until the Government shall first agree in writing to reimburse the Contractor therefor.

ARTICLE 4. PAYMENT OF COSTS.

(a) Vouchering. Once each month the Contractor shall submit to the Contracting Officer a properly certified voucher, ~~on form supplied by the Government,~~ for the currently established allowable actual cost to the Contractor for performance of this undertaking supported by detailed proof of said costs. The Government shall make provisional payment up to 90 percent of said costs except as provided herein.

(b) Audit. At any time or times prior to payment on account of allowable costs, the Contracting Officer shall cause to be made such audit of the invoices and statements of costs or of the Contractor's books and records of such costs as he shall deem proper. The Contractor shall at all times afford access to the necessary books and records for such audit. Each provisional payment shall be subject to reduction to the extent of amounts included in the related invoices and statements of costs which are found not to constitute allowable costs, and shall also be subject to reduction for overpayments or to be increased for underpayments on preceding invoices. The Contractor shall cause a like provision to be placed in all subcontracts, reserving to the Government the right to audit the subcontractor's books and records of costs under said subcontracts.

(c) Final Payment. The Contracting Officer may withhold all or any part of the final reimbursement payment of cost ~~and/or fee,~~ ~~provided that such withholding does not exceed~~ percent of such costs ~~and/or fee,~~ pending:

- (1) Verification of costs by audit of the Contractor's books and records.
 - (2) Submission of final statements of property accounts required herein.
 - (3) Disclosure of invention required hereunder;
- and
- (4) Tender of final release required herein.

(d) Release Required. The Contractor shall execute and deliver as condition precedent to final payment, a release in form and substance satisfactory to the Contracting Officer, discharging the Government, its officers, agents and employees of and from all claims arising under this contract.

(e) Allowable Costs. The ~~general~~ basis for allowable costs shall be governed by Appendix II, entitled "Contract Cost Principles"

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which is attached hereto and incorporated by reference and made a part hereof, subject to the following additional stipulations:

(1) Overhead. Allocation of overhead expenses shall be as follows: 47% of direct salaries and wages; this will not include charges for travel, communications or salaries of clerical employees whose full time is applied to this contract.

(2) Salaries and Wages. Any increases in salaries or wages during the term of this contract shall be subject to the approval of the Contracting Officer.

(3) Bonuses. Extra compensation to employees and officers of the company such as bonuses or other gratuities shall not be deemed an allowable cost unless first approved by the Contracting Officer in writing.

(4) Special Property Acquisition. The Contractor shall obtain the approval of the Contracting Officer before (i) purchasing any item of capital equipment at a cost of \$500.00 or more, (ii) making any building alteration at a cost of \$500.00 or more, (iii) constructing buildings, or (iv) leasing real property, for the cost of any portion or all of which reimbursement will be claimed hereunder.

(f) Accounting Records. The Contractor agrees to keep records and books of accounts on a generally accepted cost accounting basis, showing the actual cost to it of all items of labor, materials, equipment, supplies, services and other expenditures of whatever nature for which reimbursement is authorized under the provisions of this contract. The system of accounting to be employed by the Contractor shall be subject to review by a qualified auditor of the Government and approval by the Contracting Officer in writing.

(g) Retention of Records. Unless a longer period is otherwise provided for in this contract, or by applicable Statute, the Contractor, for a period of five (5) years after final settlement under this contract, shall make available to the Government at all reasonable times at the office of the Contractor, all of its books, records, documents, and other evidence bearing on the cost and expenses of the Contractor under the contract and in respect to the termination of the work hereunder. The Contractor shall cause a like provision to be placed in all subcontracts.

ARTICLE 5. TITLE AND IDENTIFICATION.

(a) The title to all materials, parts, assemblies, sub-assemblies, supplies, equipment and other property for the cost of which the Contractor is entitled to be reimbursed hereunder, except property to which the Government already shall have title, automatically shall pass to and vest in the Government (1) in the case of such property which is purchased by the Contractor for the performance of this contract, upon delivery to the Contractor at the Contractor's establishment or at the

plant of the supplier on f.o.b. purchases if the Contracting Officer or his authorized representative shall have given his approval or (2) in the case of property not so purchased, upon the allocation thereof to the contract by the commencement by the Contractor of processing or use thereof or otherwise. Such passage and vesting of title shall not impair any right which the Government might otherwise have under this contract, including but not limited to the right to reject any supplies hereunder, and shall not relieve the Contractor of any of its obligations under this contract.

(b) The Contractor agrees that it will, to the extent determined necessary and practical by the Contracting Officer or his authorized representative, identify such property by marking or segregation in such a way as to indicate its ownership by the Government and its allocation to this contract. In any event the Contractor shall maintain adequate accounting control over such property on its books and records.

(c) Subject to the provisions of the Section hereof entitled "Property Loss or Damage," following the completion of the contract all such property to which the Government shall have taken title hereunder (including tools, dies, jigs, fixtures, patterns, etc.) and which has not been consumed in the performance of the contract, disposed of in accordance with paragraph (d) hereof or delivered to the Government, shall be retained by the Contractor for use under other contracts with the Government or delivered to the Government f.o.b., the Contractor's establishment as the Contracting Officer or his authorized representative may approve or specify.

(d) It is contemplated that all such property will be used by the Contractor only for the performance of this contract or of other cost or cost-plus-fixed-fee contracts as approved by the Contracting Officer or his authorized representative. However, as to any such property not immediately essential to the performance of this contract, including salvage, or scrap material, the Contractor with the written consent of the Contracting Officer may, and at the Contracting Officer's written direction shall, sell, lend or transfer or otherwise dispose of such property to such persons, and upon such terms or conditions, as the Contracting Officer may approve, ratify or direct. The proceeds, if any, of such transfers and dispositions shall, as directed by the Contracting Officer, be either retained by the Contractor and applied in reduction of payments otherwise due to the Contractor under this contract or under other contracts with the Government, or paid to the Government. **The foregoing shall be in accordance with Appendix III, or as otherwise directed by the Contracting Officer.**

ARTICLE 6. GOVERNMENT FURNISHED MATERIAL. **Contracting Officer.**

(a) The Government shall furnish the material and equipment listed as Government Furnished Material hereunder, and will furnish such additional material and equipment as it may consider desirable for the Contractor's performance of the contract. All such material and equipment is hereafter called "Government Furnished Material." Title to Government Furnished Material shall be and remain in the Government, and

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such Government Furnished Material shall be used by the Contractor only for the performances of this contract or other cost or cost-plus-a-fixed-fee contracts as approved by the Contracting Officer or his authorized representative.

(b) It is understood that delivery or performance hereunder will be based upon the expectation that such Government Furnished Material will be delivered to the Contractor in sufficient time to enable it to meet said delivery schedules. In the event that any of the Government Furnished Material is not delivered to the Contractor in sufficient time to enable it to meet such delivery or performance schedules, the Contracting Officer upon written request of the Contractor, shall make a determination of the delay occasioned the Contractor thereby and shall grant to the Contractor a corresponding extension of time for the completion of performance. The Government shall not be liable to the Contractor for damages or loss of profit by reason of any delay in delivery of or failure to deliver any or all of the Government Furnished Material.

(c) Upon the completion or termination of this contract, the Contractor shall deliver to the Government at such place as shall be specified by the Contracting Officer or his authorized representative, any of the Government Furnished Material not consumed in the projects covered by the terms of this contract or not incorporated in any articles delivered hereunder or not already paid for by the Contractor, subject, however, to the provisions of the Section hereof entitled "Property Loss or Damage."

ARTICLE 7. PROPERTY LOSS OR DAMAGE.

(a) The Government has requested that the Contractor not carry, nor incur the expense of, any insurance against any form of loss of or damage to equipment or materials furnished by the Government or any property to which the Government has taken and continues to hold title hereunder, and no reimbursement will be allowed for such insurance premium expenses.

(b) In view of the foregoing, the Government assumes the risk of loss or damage to such property, including expenses incidental to such loss or damage. If the Government determines that the repair or replacement of any such property is necessary or advisable for the efficient performance of this contract, the Contractor shall make such repair or replacement and shall be reimbursed by the Government for the cost of so doing; provided, however, that in the case of Government Furnished Material the Government shall make such repair or replacement unless the Contractor undertakes such repair with the approval of the Contracting Officer or his authorized representative. Notwithstanding the foregoing assumption of risk, the Contractor shall be responsible for any loss or damage to Government owned property which results from the Contractor's use of such property for purposes other than the performance of this contract, and for any other loss or damage thereto for which it is expressly made responsible under any other provision of this contract, or which results from willful misconduct or lack of good faith on the part

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of any of the Contractor's directors, officers, or any of its representatives having supervision or direction of all or substantially all of the Contractor's business or all or substantially all of any plant used by the Contractor in the performance of this contract.

(c) Notwithstanding the foregoing provisions, if any property, title to which shall be in the Government, shall be in the plant of a subcontractor in connection with the work to be done under this contract, the Contractor shall require that the subcontractor shall carry insurances (fire and extended coverage) against the usual risks of loss of such property while in the possession of such subcontractor, payable to the subcontractor, the Contractor and the Government as their interests may appear.

ARTICLE 8. INSURANCE - LIABILITY TO THIRD PERSONS.

(a) The contractor shall procure and thereafter maintain workmen's compensation, employer's liability, and bodily injury liability insurance, with respect to work done under this contract, and such other liability insurance with respect to work done under this contract as the Contracting Officer may from time to time require or approve. All such insurance shall be in such form, in such amounts, for such periods of time, and with such insurers, as the Contracting Officer may from time to time require or approve.

ARTICLE 9. DISPOSITION OF PERSONAL PROPERTY.

At any time subsequent to the termination or completion of the subject work, the Contractor shall deliver at the Government's expense, when and as directed by the Contracting Officer, all or any part, complete or incomplete, of materials, supplies, apparatus, equipment, or other articles of personal property not theretofore expended or delivered hereunder which have been furnished by the Government hereunder, or for the cost of which the Contractor has been reimbursed or has the right to claim reimbursement hereunder: provided, that upon the termination of the subject work, the Contractor shall have the right to retain any such property other than that furnished by the Government, unless notified by the Contracting Officer that the interests of national security render such action inadvisable, by returning to the Government such sum of money as the Government may determine to be fair and proper; and provided further, that within 60 days after the termination of subject work, the Contractor shall render an accounting and inventory for all property governed by this Article, in accordance with Appendix III, or as otherwise directed by the Contracting Officer.

ARTICLE 10. INSPECTION.

The Contracting Officer or his authorized representative may inspect the subject work at all reasonable times and the Contractor shall make available for inspection all material related to subject work including, but not limited to: drawings, specifications and records. ~~If~~

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~~(a) The inspection and test by the Government of any supplies or lots thereof does not relieve the Contractor from any responsibility regarding defects or other failures to meet the contract requirements which may be discovered prior to final acceptance. Except as otherwise provided in this contract, final acceptance shall be conclusive except as regards latent defects, fraud, or such gross mistakes amount to fraud.~~

~~(e) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the supplies hereunder. Records of all inspection work by the Contractor shall be kept complete and available to the Government during the performance of this contract and for such longer period as may be specified elsewhere in this contract.~~

ARTICLE 11. SUBCONTRACTORS.

(a) Fees. The Contractor shall give advance notification to the Contracting Officer, or his authorized representative, and receive his written approval before entering into any subcontract or purchase order incident to the performance of this contract which,

- (1) is on a cost or cost-plus-fixed-fee basis; or
- (2) is on a fixed price basis exceeding in dollar amount either \$25,000.00 or five percent (5%) of the total estimated cost of this contract.

(b) Prohibited Types of Subcontracts. No subcontracts or purchase order shall provide for,

- (1) payment on a cost-plus percentage of cost basis, or
- (2) the payment of a fixed fee in excess of seven percent (7%) of the estimated cost, exclusive of the fee.

(c) Notice of Action by Subcontractor. The Contractor will give the Contracting Officer immediate notice of any action or suit filed or any claim made against the Contractor by any subcontractor or vendor relating in any way to this contract and with respect to which the Contractor may be entitled to reimbursement from the Government.

ARTICLE 12. NOTICE AND ASSISTANCE REGARDING PATENT INFRINGEMENT.

(a) The Contractor agrees to report to the Contracting Officer, promptly and in reasonable written detail, each claim of patent infringement based on the performance of this contract and asserted against it, or against any of its subcontractors if it has notice thereof.

(b) In the event of litigation against the Government on account of any claim of infringement arising out of the performance of this contract or out of the use of any supplies furnished or construction work performed hereunder, the Contractor agrees that it will furnish to

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the Government, upon request, all evidence and information in its possession pertaining to the defense of such litigation. Such 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.

ARTICLE 13. FILING OF PATENT APPLICATIONS.

(a) While and so long as the subject matter of this contract is classified "Secret" or higher, the Contractor agrees that, before filing or causing to be filed a patent application disclosing any of said subject matter, it will refer the proposed application to the Contracting Officer for determination whether, for reasons of national security, such application should be kept secret or the issuance of a patent thereunder otherwise delayed, under pertinent statutes or regulations; and the Contractor agrees to observe any instructions given by the Contracting Officer in this regard, which instructions may include a direction not to file such application so long as the Contracting Officer considers that such filing would jeopardize national security. If the Contracting Officer directs the Contractor not to file such application, the Contractor may submit to the Contracting Officer a written request, addressed to the Director for reconsideration of such direction, but pending action by the Director, the Contractor shall observe such instruction.

(b) While and so long as the subject matter of this contract is classified "Confidential" or higher, and if the Contracting Officer determines that there is no other practical means for maintaining the security of said subject matter, the Contractor agrees to assign and convey to the Government upon request the entire right, title and interest in and to each United States patent application disclosing said subject matter and filed by or on behalf of the Contractor, the title to the assigned patent application to be held in trust by the Government, subject to reversion of the entire right, title and interest therein to the Contractor (i) upon allowance of the said application and payment of the final fee, or (ii) upon the mailing of notice by the Contracting Officer to the Contractor that disclosure of the subject matter of the application will no longer jeopardize security. Nothing contained in this paragraph shall (A) apply to any patent application assigned to the Government under any other provision of this contract, or (B) enlarge or diminish the rights granted to or reserved by the Government or the Contractor with respect to said application or the invention covered thereby, except to the extent expressly provided in this clause.

(c) While and so long as the subject matter of this contract is classified "Confidential", the Contractor agrees to furnish to the Contracting Officer, prior to filing or causing to be filed a patent application disclosing any of said subject matter, a copy of such application for determination whether, for reasons of national security, such application should be kept secret or the issuance of a patent thereunder otherwise delayed, under pertinent statutes or regulations; and the Contractor agrees to observe any instructions of the Contracting Officer in this regard.

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ARTICLE 14. PATENT RIGHTS.

(a) License under Foreground Patents.

(1) As used in this clause, the following terms shall have the meanings set forth below:

(i) The term "Subject Invention" means any invention, improvement or discovery (whether or not patentable) conceived or first actually reduced to practice either (A) in the performance of the experimental, developmental or research work called for under this contract, or (B) in the performance of any experimental, developmental or research work relating to the subject matter of this contract which was done upon the understanding that a contract would be awarded.

(ii) The term "Technical Personnel" means any person employed by or working under contract with the Contractor (other than a subcontractor whose responsibilities with respect to rights accruing to the Government in inventions arising under subcontracts are set forth in paragraphs (6), (7) and (8) of this clause), provided that such person, by reason of the nature of his duties in connection with the performance of this contract, would reasonably be expected to make inventions.

(iii) The terms "subcontract" and "subcontractor" mean any subcontract or subcontractor of the contractor, and any lower-tier subcontract or subcontractor under this contract.

(2) The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, nontransferable and royalty-free license to practice, and cause to be practiced for the Government throughout the world, each Subject Invention in the manufacture, use, and disposition according to law, of any article or material, and in the use of any method; provided, however, that with respect to (i) any Subject Invention made by other than Technical Personnel, (ii) any Subject Invention conceived prior to any performance of this contract as set forth in paragraph (1) above but first actually reduced to practice in the course of any such performance, and (iii) the practice of any Subject Invention in foreign countries, the said license and other rights hereinafter provided shall be to the extent of the Contractor's right to grant the same without incurring any obligation to pay royalties or other compensation to others solely on account of said grant. Nothing contained in this paragraph shall be deemed to grant any license under any invention other than a Subject Invention. Any license granted herein shall not convey any right

to the Government to manufacture, have manufactured, or use any Subject Invention for the purpose of providing services or supplies to the general public in competition with the Contractor or the Contractor's commercial licensees in the licensed fields.

(3) The Contractor agrees as follows: (i) to make written disclosure promptly to the Contracting Officer of each Subject Invention which reasonably appears to be patentable and to exert all reasonable effort to make such disclosure not later than six months after first publication, public use or sale; (ii) to specify, at the time of such disclosure, whether or not said Subject Invention has been or will be claimed in a United States patent application and unless it thereafter notifies the Government to the contrary not later than eight months after first publication, public use or sale, to file or cause to be filed in due form and time a United States patent application covering each Subject Invention so specified; (iii) to the extent of the Contractor's right to do so, to deliver to the Contracting Officer such duly executed instruments (prepared by the Government) of assignment, application papers and rightful oaths as are necessary to vest in the Government the sole and exclusive ownership, and the right to apply for and prosecute patent applications covering, each Subject Invention which the Contractor does not specify as aforesaid (or having so specified, thereafter notifies the Government to the contrary), subject, however, to the reservation of a nonexclusive and royalty-free license thereunder to the Contractor (and to its associated and affiliated companies, if any, within the corporate structure of which the Contractor is a part), which license shall be assignable to the successor of that part of the Contractor's business to which it pertains; (iv) to furnish promptly to the Contracting Officer on request an irrevocable power of attorney to inspect and make copies of each United States patent application as filed by or on behalf of the Contractor covering any Subject Invention; (v) in the event the Contractor elects not to continue prosecution of any such United States patent application filed by the Contractor, to so notify the Contracting Officer not less than sixty days before the expiration of the response period, and upon written request, to deliver to the Contracting Officer, to the extent of the Contractor's right to do so, a duly executed assignment to the Government of the entire rights to such patent application and any Subject Invention claimed therein subject to a reservation as specified in (iii) above; and (vi) to deliver to the Contracting Officer duly executed instruments fully confirmatory of any license rights herein agreed to be granted to the Government. If, to the best of the Contractor's knowledge and belief, no inventions have been conceived or first actually reduced to practice under this contract, the Contractor shall so certify to the Contracting Officer.

(4) The Contractor agrees to and does hereby grant to the Government, to the full extent of the Contractor's right to do so without payment of compensation to others, the right to reproduce, use and disclose for governmental purposes (including the right to give to foreign governments for their use as the national interest of the United States may demand) all or any part of the reports, drawings, blueprints, data and technical information specified to be delivered by Contractor to the Government under this contract; provided, however, that nothing contained

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in this paragraph shall be deemed, directly or by implication, to grant any license under any patent now or hereafter issued or to grant any right to reproduce anything else called for by this contract.

(5) Until the Contractor has delivered to the Government the disclosures required by paragraph (3)(i) of this clause and the information as to any subcontractor required by paragraph (7) of this clause, there shall be withheld from final payment under this contract ten percent (10%) of the contract price, or \$5,000, whichever is smaller; provided however, that the withholding of the aforesaid amount, or subsequent payment thereof to the Contractor, shall not be construed as a waiver of any rights accruing to the Government under this contract; and provided further, that any amount so withheld under this paragraph shall not be in addition to any amounts withheld under other provisions of this contract. This paragraph shall not be construed as requiring the Contractor to withhold any amounts from a subcontractor to enforce compliance with the patent provisions of a subcontract.

(6) The Contractor agrees to exert all reasonable effort to negotiate for the inclusion in any subcontract hereunder of \$3,000 or more, in which payment is to be made for experimental, developmental or research work, of this patent rights clause or one approved by the Contracting Officer. In the event of refusal by a subcontractor to accept such patent rights clause, the Contractor shall obtain the written authorization of the Contracting Officer (which authorization may be granted with respect to a particular subcontract) to proceed with the subcontract, and shall cooperate with the Government in the negotiation with such subcontractor of a mutually acceptable patent rights clause; provided however, that the Contractor shall in any event require the subcontractor to grant to the Government patent rights under Subject Inventions of no less scope and on no less favorable terms than those which the Contractor has under such subcontracts, except that in no event shall the subcontractor be required to grant to the Government patent rights in excess of those herein agreed to be granted to the Government by the Contractor.

(7) The Contractor agrees to notify the Contracting Officer in writing of any subcontract containing a patent rights clause, to furnish to the Contracting Officer a copy of such clause, and promptly to notify the Contracting Officer when such subcontract is completed. It is understood that with respect to such subcontract clause, the Government is a third party beneficiary; and the Contractor hereby assigns to the Government all the rights that the Contractor would have to enforce the obligations of the subcontractor with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any subcontractor hereunder relating to a patent rights clause in any subcontract.

(8) When the Contractor shows that it has been delayed in the performance of this contract by reason of its inability to obtain, under reasonable terms that include a suitable patent rights clause, a qualified subcontractor for any particular part, item or function of this contract for which the Contractor itself does not have available facilities or qualified personnel, the Contractor's delivery dates shall

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be extended for a period of time equal to the duration of such delay; and, upon request of the Contractor, the Contracting Officer shall determine to what extent, if any, an additional extension of the delivery dates, and an increase in contract price based upon additional costs incurred, are proper under the circumstances; and the contract shall be modified accordingly. If the Contractor, after exerting all reasonable effort is unable to obtain a qualified subcontractor as set forth above the Contractor may submit to the Contracting Officer a written request for waiver or modification of the requirement that a suitable patent rights clause be included in the subcontract. Such request shall specifically state that the Contractor has used all reasonable efforts to obtain such qualified subcontractor and shall cite the waiver or termination provision hereinafter set forth. If, within thirty-five (35) days after the date of receipt of such request for a waiver or modification of said requirement, the Contracting Officer shall fail to grant such request, the requirement shall be deemed to have been waived by the Government. If within such period the Contractor shall receive a written denial of such request by the Contracting Officer, this contract shall thereupon automatically terminate and the rights and obligations of the parties shall be governed by the provisions of the clause of this contract entitled "Termination by the Government" just as if a notice of termination had been delivered to the Contractor specifying that the contract was terminated for the convenience of the Government.

(b) Reproduction Rights under Background Patents. In addition to the rights granted to the Government in the foregoing paragraphs of this Article, the Contractor hereby grants to the Government, under any patents now or hereafter issued with respect to which the Contractor now has, or prior to completion or final settlement of the contract may acquire, the right to grant licenses without becoming liable to pay compensation to others because of such grant, the right to reproduce or to have reproduced articles or materials substantially the same as those delivered to the Government hereunder, and any modifications or improvements thereof, and to practice or cause to be practiced processes developed in the performance of this contract, and to use in their entirety and dispose of in accordance with law articles or materials so reproduced. The acceptance or exercise by the Government of the aforesaid right shall not prevent the Government at any time from contesting the enforceability, validity or scope of, or title to, any patent under which a right is granted by this paragraph. Any rights granted to the Government by this paragraph shall not convey any right to the Government to reproduce or have reproduced any article or material, or to practice or cause to be practiced any process, for the purpose of providing services or supplies to the general public in competition with the Contractor or the Contractor's commercial licensee in the licensed fields. This paragraph shall not be required to be included in any subcontracts hereunder.

ARTICLE 15. REPORTING OF ROYALTIES.

If this contract is in an amount which exceeds \$10,000, the Contractor agrees to report in writing to the Contracting Officer, during the performance of this contract and prior to its completion or final

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settlement, the amount of any royalties or royalty rates paid or to be paid by it directly to others in connection with the performance of this contract, together with the names and addresses of licensors to whom such payments are made and either the patent numbers involved or such other information as will permit identification of the patents or other basis on which royalties are to be paid. Where the Contractor's compliance with the foregoing reporting requirement is found by the Contracting Officer to be impracticable because of the size of the Contractor's business or because of the nature of its accounting procedures, the Contractor may furnish one or more reports, based on its established accounting periods and covering the entire contract period, of royalties in excess of \$1,000 (if computed on an annual basis) paid or to be paid to each licensor on the Contractor's over-all business, together with such other information as will permit identification of the patents or other basis on which royalties are to be paid, in which event the Contractor shall furnish the Contracting Officer, upon his request and at Government expense, an allocation of such royalty payments to Government business or to the work or supplies covered by this contract; reference to any such periodic royalty reports, previously furnished to any Government agency and covering the period of performance of this contract, shall constitute compliance with the reporting requirement of this clause.

ARTICLE 16. SECURITY.

(a) Disclosure of Information. 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 the Contractor or any person under his control in connection with the work under this contract, may subject the Contractor, his agents, employees and subcontractors to criminal liability under the laws of the United States (Act of 25 June 1948, c.645, 62 Stat. 862 as amended). The provisions of the "Security Requirements for Contractors" and "Contractor's Security Agreement" Contractor are herein incorporated by reference only.

(b) Subcontractors. The Contractor shall cause a like provision to be inserted in all subcontracts under this contract, where such insertion is consistent with Security. In case of doubt the Contractor shall seek
ARTICLE 17. DISPUTES. and be guided by the advise of the Contracting Officer.

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. Within 30 days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Director, and the decision of the Director or his duly authorized representative for the hearing of such appeals shall be final and conclusive; provided that, if no such appeal is taken, the decision of the Contracting Officer shall be final and conclusive. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to

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offer evidence in support of its 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.

ARTICLE 18. PUBLIC POLICY PROVISIONS.

(a) Covenant Against Contingent Fees. 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 bona fide employees or bona fide 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 the full amount of such commission, percentage, brokerage, or contingent fee.

(b) Eight-Hour Law. This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912 as amended (40 U. S. Code 324-326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35-45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912 as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Contractor or any subcontractor contracting for any part of the said work, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every such laborer and mechanic employed by the Contractor or any subcontractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed upon the Contractor for each such laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause; and all penalties thus imposed shall be withheld for the use and benefit of the Government.

(c) Anti-Discrimination. In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials.

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(d) Convict Labor. In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor.

(e) Officials Not to Benefit. 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.

(f) Buy American. The Contractor agrees that there will be delivered under this contract only such unmanufactured articles, materials and supplies (which term "articles, materials and supplies" is hereinafter referred to in this clause as "supplies") as have been mined or produced in the United States, and only such manufactured supplies as have been manufactured in the United States substantially all from supplies mined, produced, or manufactured, as the case may be, in the United States. Pursuant to the Buy American Act (41 U. S. Code 10a-d), the foregoing provision shall not apply (i) with respect to supplies excepted by the Director from the application of that Act, (ii) with respect to supplies for use outside the United States, or (iii) with respect to the supplies to be delivered under this contract which are of a class or kind determined by the Director or his duly authorized representative not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or (iv) with respect to such supplies, from which the supplies to be delivered under this contract are manufactured, as are of a class or kind determined by the Director or his duly authorized representative not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, provided that this exception (iv) shall not permit delivery of supplies manufactured outside the United States if such supplies are manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

ARTICLE 19. ASSIGNMENT OF RIGHTS.

No assignment of any of the Contractor's rights under this contract may be made.

~~ARTICLE 20. AUTHORIZATION AND CONSENT.~~

~~The Government hereby gives its authorization and consent (without prejudice to its rights of indemnification, if such rights are provided for in this contract) for all use and manufacture, in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract), of any patented invention (i) embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract, or (ii) utilized in the machinery, tools or methods the use of which necessarily results from compliance by the Contractor or the using subcontractor~~

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~~with (a) specifications or written provisions now or hereafter forming a part of this contract, or (b) specific written instructions given by the Contracting Officer directing the manner of performance.~~

ARTICLE 21. EMPLOYMENT OF ALIENS.

No aliens employed by the Contractor shall be permitted to have access to the plans or specifications, or the work under construction, or to participate in the contract trials, without the written consent beforehand of the Director or his duly authorized representative.

ARTICLE 22. CHANGES.

The Contracting Officer may at any time by a written order and without notice to the sureties, make changes, within the general scope of this contract, in any one or more of the following; (i) drawings, specifications, designs, or other statements of work to be performed, where the supplies or services to be furnished are to be specially manufactured or performed for the Government in accordance therewith; (ii) method of shipment or packing; and (iii) place of delivery. 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 delivery schedule, 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 30 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.

ARTICLE 23. COPYRIGHTS.

(a) The Contractor agrees that all written material forming any or all of the subject matter of this contract and first produced in the performance of this contract shall be the sole property of the Government, and may not be published or reproduced, in whole or in part, or in any manner or form, other than by the Government or with its express consent. The Contractor further agrees that no right at common law or in equity shall be asserted and no claim to copyright by statute shall be established by the Contractor in any written material first produced in the performance of this contract.

(b) The Contractor agrees to grant and does hereby grant to the Government a royalty-free, nonexclusive and irrevocable license to publish, translate, reproduce, use, and dispose of, in any manner, and all copyrighted or copyrightable material not first produced or composed in the performance of this contract but which is incorporated in the

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material furnished under the contract, provided that such license shall be only to the extent the Contractor now has, or prior to completion or final settlement of the contract may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.

(c) The Contractor agrees that it will exert all reasonable effort to advise the Contracting Officer, at the time of delivering any copyrightable or copyrighted work furnished under this contract, of any adversely held copyrighted or copyrightable material incorporated in any such work and of any invasion of the right of privacy therein contained.

(d) The Contractor agrees to report to the Contracting Officer, promptly and in reasonable written detail, any notice or claim of copyright infringement received by the Contractor with respect to any material delivered under this contract.

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ARTICLE 24. PROJECT SUPERVISOR.

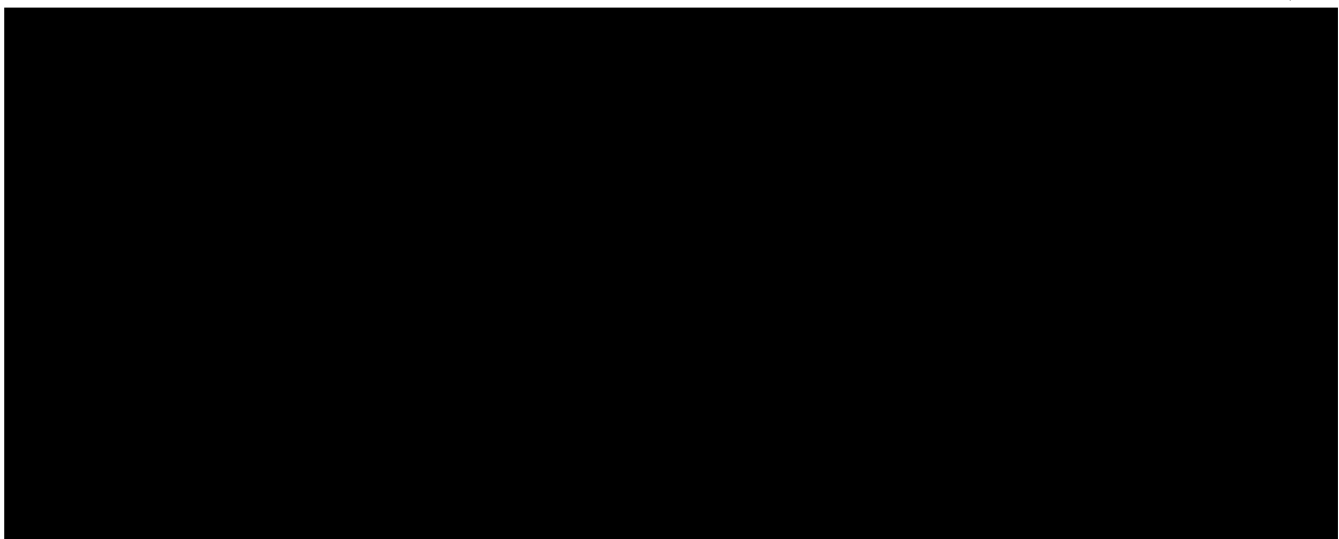
The Contracting Officer will designate in writing a Project Supervisor who will supervise the technical aspects of the contract work, but no change in the terms of the contract may be made except by the Contracting Officer in writing. In this connection:

(a) The planning of the work programs with the overall contract scope and the priority of each such program shall be agreed upon by consultation between the Contractor and the Project Supervisor; the Project Supervisor shall have final approval thereof.

(b) The Project Supervisor may alter the emphasis and priority of the work programs when deemed necessary.

ARTICLE 25. REVIEW AND APPROVAL OF ASSIGNMENT AND USE OF TECHNICAL PERSONNEL.

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The Contractor may use any of the employees listed above in performance of this contract, providing such employment is in accordance with all other provisions of this contract, with particular reference to their being approved by this office for security clearance.

(b) If the Contractor desires to employ and assign personnel to work under this contract, other than those listed above, he will submit a written request with detailed information concerning the individual's qualifications and his proposed duties. If urgency is involved, the Project Supervisor is authorized to consider oral requests, in his discretion. Such individuals may be employed upon receipt by the Contractor of approval from the Project Supervisor.

(c) The Project Supervisor has the authority to direct the particular part of the contract to which their efforts shall be directed during any given period of time. In this connection the Contractor shall furnish statements of work accomplished by any individual, for any given period of time, but only when so requested.

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(d) Since it is contemplated that consultants will be employed on the contract work on a per diem basis, the Contractor will report, when requested, the work accomplished and other pertinent details, each time that a consultant is so employed; this will be required no oftener than once each month. After such reports are received the Project Supervisor may determine that any given consultant is not to be further employed under this contract and may then so instruct the Contractor.

ARTICLE 25. TRAVEL.

In the event that the Contractor deems it necessary to expend funds which will be chargeable as an item of cost hereunder for the cost of transportation and subsistence during travel away from the Contractor's plant he shall:

(a) Submit a request orally or in writing for approval of the travel giving pertinent details as to personnel involved, anticipated duration of trip and purpose. Verbal or written approval from the Project Supervisor must be received by the Contractor before the travel is performed.

(b) After the travel is completed, the Contractor shall furnish, when requested, to the Project Supervisor a written summary of achievement and results of the travel, within 15 days after conclusion thereof. In any event, summaries of work accomplished during travel shall be included in the quarterly report.

ARTICLE 27. GOVERNMENT FURNISHED MATERIAL.

The following provision is added to Article 6 of the Contract:

(d) The Government Furnished Material referred to above shall specifically include all written materials furnished, such as operations memoranda, literature, reports and instructions. Each of such documents shall be recorded by the Contractor and an adequate record maintained of their location.

(e) The Contractor will promptly return to the Government any or all Government Furnished Material at any time it is so requested. In the event that the return of any such material will adversely affect the Contractor's performance of the contract, he shall so notify the Government in writing.

ARTICLE 28. CONTRACTOR'S SOURCE MATERIAL.

The Contractor will provide the Government with a list of books, monographs and periodicals pertaining to the subject matter of this contract which the Contractor has on hand at the [REDACTED] at the beginning date of this contract.

ARTICLE 29. ADDITIONAL SECURITY REQUIREMENTS.

(a) Of the written reports furnished to the Govern-

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this shall contain no reference of any kind to the purchaser or Government Agency involved.

(b) The name of the purchaser or Government Agency hereby contracting shall not be used in any manner whether non-Government or with other Government Agencies except where prior written approval of the Project Supervisor has been obtained.

(c) The Contractor shall maintain a list of the names, by whom employed and address of all persons, outside of the employ of the contracting parties hereto, whom the Contractor contacts in connection with this contract. This list shall be available to the Project Supervisor on request.

(d) No information that is obtained as a result of this contract is to be used on other projects or disseminated in whole or in part to any other person without prior written approval of the Project Supervisor.

(e) The Contractor agrees, during the current or any future State of Emergency which the President of the United States may proclaim, to advise the purchaser of any person who may be interested in project contracted for herein or the results thereof.

ARTICLE 30. REPORTS OF WORK.

(a) The Contractor shall furnish a report giving all important details of the method of work and the results thereof within twenty days after the close of each three month period of work. The determination as to format, content and number of copies shall be determined by the Project Supervisor.

(b) In addition to the foregoing, the Contractor shall furnish such special reports of the work as may be requested by the Project Supervisor for special purposes.

(c) In addition to the foregoing, the Contractor shall furnish estimates of the percentage of completion of individual segments of the project or of the project as a whole when and as requested by the Project Supervisor.

(d) All information obtained in physical form as a result of this contract shall become the property of the Government and delivered to it upon completion or termination of the contract.

(e) All intelligence estimates, technical reports, summaries and analysis will be subject to review by the purchaser. In the event that the purchaser deems it necessary, he may request the Contractor to review and furnish the source material and facts in addition to those on which his reports and conclusions were founded.

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ARTICLE 31. CONFERENCES.

(a) No less than one meeting each month will be held with the Technical Supervisor of the [REDACTED] in connection with the subject matter of the contract, with and at the request of the Project Supervisor. 25X1A5a1

(b) The Contractor may call on the Project Supervisor for such additional instructions or directives as may be necessitated by unusual developments in the course of research.

ARTICLE 32. SUBCONTRACTORS.

The Contractor shall give advance notification to the Contracting Officer and receive his written approval before entering into any subcontract or purchase order incident to the performance of this contract.

ARTICLE 33. ALTERATIONS.

The following changes were made in this contract before it was signed by the parties hereto:

(a) Deletion of the following:

1. In Article 4(a) the words, "on form supplied by the Government".
2. In Article 4(c) the words, " and/or fee, provided that such withholding does not exceed 10 per cent of such costs and/or fee".
3. In Article 4(e) the word, "general".
4. All but the first sentence of Article 10 was deleted.
5. Article 11 was deleted.
6. Article 20 was deleted.
7. The Contract Number "PSC-150-UNV" was deleted from Appendix III and the Contract Number "(RD) XG-425" added.

(b) Addition of the following:

1. Add to Article 4(e), the following:

The rate of 47% shall apply through 31 December 1951; after that date it will be revised to conform a new rate which will be negotiated annually between the Contractor and the Armed Services. If a new rate is not negotiated, the contracting parties hereto shall negotiate a new rate for each calendar year, beginning with 1952, that this contract remains in effect.

2. The following is added to Article 8:

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3. The following is added to Article 8:

(b) The Contractor shall be reimbursed: (1) for the cost of such insurance of the character described in paragraph (a) of this Section as may be required or approved by the Government, (2) for the portion allocable to this contract of the reasonable cost of insurance covering the Contractor's property or property for which the Contractor is responsible to someone other than the Government and which is used or to be used in the performance of this contract, and (3) for liabilities to third persons for loss of or damage to property, death or bodily injury, not compensated by insurance or otherwise, arising out of the performance of this contract, whether or not caused by the negligence of the Contractor, its agents, servants, or employees, provided such liabilities are represented by final judgments or by settlements approved in writing by the Government, and expenses incidental to such liabilities, except liabilities (i) for which the Contractor is otherwise responsible under the express terms of this contract, or (ii) with respect to which the Contractor has failed to insure as required or approved by the Government, or (iii) which result from wilful misconduct or lack of good faith on the part of any of the Contractor's directors, officers or of any of its other representatives having supervision or direction of all or substantially all of the Contractor's business or all or substantially all of any plant used by the Contractor in the performance of this contract.

(c) The Contractor shall give the Government or its representatives immediate notice of any suit or action filed, or any claim made, against the Contractor arising out of the performance of this contract, the cost and expense of which is reimbursable to the Contractor under the provisions of this contract, and the risk of which is then uninsured or in which the amount claimed exceeds the amount of insurance coverage. The Contractor shall furnish immediately to the Government copies of all pertinent papers received by the Contractor. If the amount of the liability claimed exceeds the amount of insurance coverage, the Contractor shall authorize representatives of the Government to collaborate with counsel for the insurance carrier, if any, in settling or defending such claim. If the liability is not insured, the Contractor shall, if required by the Government, authorize representatives of the Government to settle or defend any such claim and to represent the Contractor in or take charge of any litigation in connection therewith.

4. The following words were added to Article 16(b):

"where such insertion is consistent with Security. In case of doubt the Contractor shall seek and be guided by the advice of the Contracting Officer."

5. The words:

"except Government Furnished Property" were added to to the first sentence of Appendix III.

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SCHEDULE "A"

The Contractor shall furnish the necessary qualified personnel, facilities, equipment and supplies in order to conduct studies, research and investigations and prepare intelligence estimates, technical reports, summaries, analyses, and such other research products as may be specified by the Project Supervisor in the following fields:

A. The main objective of the subject work shall be to determine the best possible national intelligence estimates of current as well as future capabilities of the Union of Soviet Socialist Republics in foreign and domestic mapping and shall include, but not be limited to, geodesy, aerial photography and photogrammetry. The particular phases of this objective shall generally be as outlined below, but the sequence as listed is not necessarily an indication of priority:

1. Organization of Russian science in the above and related, closely allied, and contributory fields.

a. Major research institutes; production establishments, and associated organizations -- to include list, history, and status of work and publications.

b. Key personnel and evaluation of capabilities.

c. Educational programs, quality and extent of training of personnel, and size of staff.

d. Availability of Russian material and publications.

e. Russian cognizance of U.S. methods, procedures, and equipment.

2. Technical developments in each related fields

a. Control

(1) Evaluation of Russian triangulation methods (5 classes)

(a) Sampling of computational and adjustment procedures along transcontinental arc, in at least four approximately equal spaced loops.

(b) Comparison between U.S. and U.S.S.R. procedures and results of accuracies, speed, and instrumentation.

(c) Correlation of Russian "classes" with international "orders" of accuracy.

(d) Extent and location of triangulation of all classes.

(e) Estimates of future developments, both short- and long-term.

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(2) Evaluation of Russian leveling methods (9 classes)

(a) Sampling of computational and adjustment procedure in at least four equally spaced level-net loops.

(b) Comparison between U.S. and U.S.S.R. procedures and results of accuracies, speed, and instrumentation.

(c) Correlation of Russian "classes" with international "orders" of accuracy.

(d) Extent and location of leveling of all classes.

(e) Estimates of future developments, both short- and long-term.

(3) Russian triaxial ellipsoid and its possible effect upon any or all U.S. mapping procedures.

(4) Russian methods of effecting inter-continental ties of geodetic control, both east and west; with estimates of future short- and long-term developments.

(5) Russian claims and procedures involving use of gravity and astronomical data to determine geodetic positions; relative accuracy of Russian methods and possible value of this study to facilitate the U.S. mapping program.

(6) Feasibility of typing in independent Russian triangulation systems to the main Russian geodetic network.

(7) Russian astronomical methods in application to geodetic problems.

(8) Russian studies in terrestrial magnetism that affect cartography.

b. Russian electronic control and mapping methods; comparison with the status of U.S. and British developments.

(1) Shoran

(2) Loran

(3) Radar

(4) Decca

(5) Others

c. Aerial photography for mapping and charting

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(2) Equipment; types and performance, comparison with with U.S.

d. Photogrammetry

(1) Equipment; types and comparison with U.S., Swiss, German, and British.

(2) Methods; comparison with generally accepted procedures in U.S.

(3) Product; extent of work and relative accuracy of results.

3. Analysis of Russian cartography

a. Russian cartographic establishments and practices

b. Projections and grids, including the Russian grid referencing system for intercontinental use.

c. Evaluation of Russian maps and charts

d. Russian map coverage

4. Russian methods of computing and projecting for the rapid determination of bearing and range involving long distances from spotting point to objective.

5. Incidental geographic and cartographic intelligence obtained in the course of securing other data required in this proposal.

incidental and
B. As a collateral, but subordinate objective there shall be collected and reported the significant sources and information on developments, trends, new theories and techniques in all fields of science in the Union of Soviet Socialist Republics, ^{such as} which may be located in the course of carrying out sub-item a. above, but with special reference to the following fields:

principally in
1. Meteorology -- weather forecasting, both short-and long-range dynamic meteorology; meteorological instruments; stratosphere; ozonosphere; ionosphere; attempts at weather control; solar radiation; meteorological optics; meteorological acoustics; micrometeorology.

2. Climatology -- use of punched cards in making climatic analyses; microclimatology; uses of climatological studies in agriculture and in industry.

3. Hydrology -- floods; flood forecasting; flood control; irrigations projects; power developments; improvement of navigation; forecasting of stream flow; forecasting the dates of freezing of rivers in the spring and of opening in the fall; ground water.

4. Oceanography -- oceanic surveys; currents; tides and circulation; ice; salinity; temperature; gravity measurements; sea bottom; ocean margins; chemical and physical characteristics of sea water.

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5. Soil Mechanics -- infiltration; percolation; soil temperature; soil erosion; characteristics of permafrost; mechanics; soil characteristics.

6. Seismology -- earthquakes; seismometers and seismographs; microseisms; forecasting of earthquakes; earthquake-resistant construction (buildings); causes; stresses and strains, waves.

7. Terrestrial Magnetism and Electricity -- magnetic surveys; diurnal and seasonal variations in magnetism and electricity; instruments used in measuring and recording the earth's magnetism and electricity; aurora; magnetic storms.

Under the terms of this contract

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APPENDIX I

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Termination by the Government

(a) Notice of Termination of Contractor's Right to Proceed. The performance of work under this contract may be terminated by the Government in whole, or from time to time in part, (1) Whenever the Contractor shall default in performance, or shall so fail to make progress in the prosecution of the work hereunder as to endanger performance (which shall be considered as a default for purposes of this contract) of this contract in accordance with its terms, and shall fail to cure such fault or failure within a period of ten days (or such longer period as the Contracting Officer may allow) after receipt from the Contracting Officer of a notice specifying the fault or failure, or (2) whenever for any reason the Contracting Officer shall determine any such termination is for the best interests of the Government. Termination of work hereunder shall be effected by delivery to the Contractor of a Notice of Termination specifying whether termination is for the default of the Contractor or at the option of the Government, the extent to which performance of work under the contract shall be terminated, and the date upon which such termination shall become effective.

(b) Certain Obligations of the Contractor. After receipt of a Notice of Termination and except as otherwise directed by the Contracting Officer, the Contractor shall (1) terminate work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services or facilities except as may be necessary for completion of such portions of the work under the contract as may not be terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of any work terminated by the Notice of Termination; (4) assign to the Government, in the manner and to the extent directed by the Contracting Officer, all of the right, title and interest of the Contractor under the orders or subcontracts so terminated; (5) settle, with the approval or ratification of the Contracting Officer, which approval or ratification shall be final and conclusive, all subcontracts (whether fixed-price or cost-plus-fixed-fee), obligations, commitments, liabilities and claims, the cost of which would be reimbursable in accordance with the provisions of this contract in whole or in part; (6) transfer title (to the extent that title has not already been transferred) and deliver to the Government in the manner, to the extent and at the times directed by the Contracting Officer (i) the fabricated or unfabricated parts, work in process, completed work, supplies and other material produced as a part of or acquired in respect of the performance of the work terminated in the Notice of Termination (ii) the plans, drawings, information and other property which, if the contract had been completed, would be required to be furnished to the Government, and (iii) the jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for the performance of this contract for the cost of which the Contractor has been or will be reimbursed under this contract; (7) use his best efforts to sell in the manner, to the extent, at the time and at the price or prices directed or authorized by the Contracting Officer, any property (whether or not title thereto has been transferred to the Government for security or otherwise) of the types referred to in subdivision (6) of this paragraph, provided, however, that the Contractor (i) shall not be required to extend credit to any purchaser and (ii) may retain any such property at a price or prices approved by the Contracting Officer, provided further that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be paid in such manner as the Contracting Officer may direct and provided further, that any direction, authorization, or approval by the Contracting Officer shall be subject to the following: (8) complete

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performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary or as the Contracting Officer may direct for the protection and preservation of property which is in the possession of the Contractor and in which the Government has or may acquire an interest. The Contractor shall proceed immediately with the prosecution of the work required under this contract notwithstanding any delays in connection with the adjustment of the fixed fee in accordance with this Article.

(c) Upon such termination of work pursuant to this Article, the Government shall pay to the Contractor the following amounts:

(1) All costs and expenses reimbursable in accordance with this contract, not previously paid to the Contractor for the performance of this contract prior to the effective date of the Notice of Termination and such of these costs as may continue for a reasonable time thereafter with the approval of or as directed by the Contracting Officer (which approval shall not be unreasonably withheld), provided, however, that the Contractor shall proceed as rapidly as practicable to discontinue such costs.

(2) The cost (so far as not included in payments under subparagraph (1) above) of settling and paying claims either arising out of the termination of work under subcontracts or orders or with respect to any other obligations, commitments and liabilities the cost of which would be reimbursable in accordance with the provisions of this contract or arising in connection with the termination of this contract in whole or in part and properly chargeable to this contract, provided:

(A) Any such claim has been settled by negotiation or otherwise and the Contracting Officer has approved or authorized such settlement in writing; or

(B) A final judgment has been rendered against the contractor by a court of competent jurisdiction determining the liability of the contractor with respect to any such claim, and the contractor has (1) given the Contracting Officer prompt notice of the initiation of the proceedings in which judgment was rendered and offered in writing to give the Government complete control of the defense of the proceedings, and (2) diligently defended the suit or, in the event that the Government has assumed control of the defense of the proceedings, rendered such reasonable assistance as has been requested by the Government; and provided further that with respect to a judgment determining the liability of the contractor under any subcontract or order, the Contracting Officer has approved in writing such subcontract or order or the provisions of such subcontract or order dealing with the rights of the parties thereto upon its termination in whole or in part.

(3) Any other reasonable cost, approved or ratified by the Contracting Officer (which approval or ratification shall not be unreasonably withheld), incidental to the termination of work under this contract, including legal, accounting, clerical and other costs and expenses (taking into account a reasonable allocation of executive, administrative, and office expenses of the Contractor properly allocable to the termination of such work) incidental to:

(i) termination of subcontracts or orders hereunder;

(ii) cessation of work in accordance with the Notice of Termination and the determination of the amounts due to subcontractors and other third parties;

(iii) obtaining payment from the Government, but only to the extent reasonably necessary for the preparation and presentation of settlement proposals and cost evidence in connection therewith, provided that termination is not due to default of the contractor, and

(iv) protection, disposition, removal, storage, and transportation, including delivery costs and insurance or storage resulting from directions of the

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contracting officer), pursuant to paragraphs (b)(7) and (b)(9) hereof, of property in which the Government has or may acquire an interest under this contract (including any Government furnished equipment).

(4) A portion of the fixed fee payable under the contract, determined as follows:

(i) In the event of the termination of this contract at the option of the Government and not for the default of the contractor, there shall be paid a portion of the fee set forth in Article _____.

(a) For completed work: That portion of the total fixed fee which bears to the total number of completed articles delivered to and accepted by the Government the number of completed articles called for under the contract, plus

(b) For work in process: A sum equal to _____/here insert same percentage originally used in computing fixed fee/ of the costs and expenses reimbursable in accordance with this contract for the performance of this contract prior to the effective date of the notice, including the amount or amounts due for supplies or materials delivered or services furnished by a subcontractor but exclusive of any cost attributable to completed articles delivered and accepted and the cost of articles not processed by the contractor.

(ii) In the event of the termination of this contract due to fault of the contractor, the total fixed fee payable to the contractor under this contract shall be such proportionate part of the fee (or, if this contract calls for articles of different types such part of the fee which is reasonably allocable to the type of article under consideration) as the total number of articles delivered to and accepted by the Government bears to the total number of articles of a like kind called for by this contract.

(d) Amendment of Contract to Adjust Fixed Fee in Event of Partial Termination. In case only a part of this contract is terminated the fixed fee payable with respect to the work to be performed shall be equitably adjusted and such adjustment shall be reduced to writing as an amendment to this contract prior to final settlement hereunder.

(e) Limitations on the Liability of the Government. The obligation of the Government to make any payments under this Article (1) shall be subject to deductions in respect of (i) all unliquidated partial or progress payments, payments on account theretofore made to the contractor and unliquidated advance payments, (ii) any claim which the Government may have against the contractor, and (iii) the price agreed upon or the proceeds of sale of any materials, supplies or other things retained by the contractor or sold, and not otherwise recovered by or credited to the Government, and (2) in the discretion of the contracting officer, shall be subject to deductions in respect of any claim of any subcontractor or supplier whose subcontract or order shall have been terminated as provided in paragraph (b)(3) except to the extent that such claim covers (i) property or materials delivered to the contractor, or (ii) services furnished to the contractor, in connection with the production of completed Articles under this contract; provided, that such deduction shall be made only on the request of such subcontractor or supplier.

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(5) Limitation of Termination Costs Relating to Subcontracts. The Contractor shall reserve in all subcontracts or orders relating to this contract the right to terminate or cancel such subcontracts or orders upon termination of this contract in whole or in part at the option of the Government pursuant to this Article of the contract entitled "Termination at the Option of the Government". Whether or not such right to terminate or cancel is reserved and exercised, the liability of the Government for costs arising out of subcontracts or orders relating to this contract shall be limited to costs allocable to this contract, and shall not include anticipatory profits or other damages resulting from the termination or cancellation of such subcontracts or orders.

(6) Contractor's and Subcontractor's Records. Unless a longer period is otherwise provided for in this contract, or by applicable statute, the Contractor for a period of five years after final settlement under the contract shall make available to the Government at all reasonable times at the office of the Contractor all of its books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under the contract and in respect of the termination of work thereunder. The Contractor will cause to be put in any subcontract a provision similar to the forgoing.

(f) In the event that the basic contract, of which this Appendix I is a part, does not provide for payment of a fixed fee, then the provisions of subparagraphs (c) (4) and (d) are inapplicable.

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APPENDIX II

"CONTRACT COST PRINCIPLES"

Section XV

Armed Services Procurement Regulations

15-201 General Basis for Determination of Costs. The total cost of a cost-reimbursement type contract is the sum of the allowable direct costs incident to the performance of the contract, plus the properly allocable portion of allowable indirect costs, less applicable income and other credits. The tests used in determining the allowability of costs also include (i) reasonableness, (ii) application of generally accepted accounting principles and practices, and (iii) any limitations as to types or amounts of cost items set forth in this Part 2 of Section XV or otherwise included in the contract. Failure to mention any item of cost in this part is not intended to imply that it is either allowable or not allowable. The use of normal or standard costs (with appropriate adjustments for variances, unallowable costs and the other provisions of this part) is acceptable in determining amounts of provisional or interim payments, but final allowable costs must represent actual costs. Income and other credits arising out of operations under the contract, where the related cost was reimbursed or accepted as an allowable cost, will be credited to the Government.

15-202 Allowable Direct Costs.

15-202.1 Materials. The cost of materials includes the cost of all items purchased, supplied, manufactured or fabricated, which enter directly into the end product or which are used or consumed directly in connection with furnishing such product. In computing material costs, consideration will be given to reasonable overruns, spoilage, and defective work. Withdrawals from a contractor's stock will be charged in accordance with the pricing system used by the contractor, provided such system is in accordance with sound accounting practice and is consistently followed. Reasonable charges arising from differences between periodic physical inventory quantities and related material-control records will be included in arriving at the cost of materials, provided that such charges (i) do not include "write-downs" of values, and (ii) relate to the period of performance of the contract. All credits arising from differences between periodic physical inventory quantities and related material-control records shall be taken into account. In calculating the cost of materials, there shall be deducted all cash discounts, trade discounts, rebates, and other allowances and credits taken by the contractor, including (a) credit for any materials returned to stock or to vendors, and (b) credit for the value of scrap resulting from performance of the contract, whether or not such scrap is sold. Such discounts, rebates, allowances and credits may be applied directly to the charges for materials involved or may be apportioned through credits to indirect costs.

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15-202.2 Labor. Direct labor cost consists of salaries and wages properly chargeable directly to the performance of the contract. Generally such salaries and wages will be charged at the actual rates paid by the contractor. However, if it is the contractor's consistent accounting practice to make such charges on the basis of average rates, this practice will be acceptable if it is demonstrated by the contractor that the Government will not be prejudiced thereby.

15-202.3 Other Direct Costs. There are numerous items of cost which are generally classified as indirect costs but which may, in particular cases, properly be chargeable directly to the contract, where the contractor demonstrates that such costs are specifically related to the contract.

15-203 Allowable Indirect Costs. For accounting purposes indirect costs usually fall into the following three categories, although for purposes of allowability any such costs are subject to the limitations of this part:

- (a) manufacturing and production expenses, which are the indirect costs incurred in the operation of production departments;
- (b) selling and distribution expenses, which are costs incurred in connection with the marketing of the contractor's products;
- (c) general and administrative expenses, which are costs incurred in the general management, supervision and conduct of the business as a whole.

In establishing a method of equitably apportioning the indirect costs, consideration should be given to such factors as charges of subcontractors, fixed asset improvement programs, and any unusual circumstances involved in the contractor's operation; and such factors should be carefully reviewed from time to time, particularly when there is a change in the nature or volume of production, to determine whether the method of apportionment continues to be equitable. Whenever items ordinarily chargeable as indirect costs are charged to a Government contract as direct costs, the cost of similar items applicable to other work of the contractor must be eliminated from indirect costs apportioned to the contract.

15-204 Examples of Items of Allowable Costs. Subject to the requirements of paragraph 15-201 with respect to the general basis for determining allowability of costs, and irrespective of whether the particular costs are treated by the contractor as direct or indirect, the following items of costs are considered allowable within the limitations indicated:

- (a) Advertising in trade and technical journals, provided such advertising does not offer specific products for sale but is placed

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- for the purpose of offering financial support to journals which are valuable for the dissemination of technical information within the contractor's industry (but see paragraph 205 (a)).
- (b) Bonds and insurance, including self-insurance (but see paragraph 15-205 (p)).
 - (c) Compensation of corporate officers, executives and department heads. (The term "compensation" includes all amounts paid or set aside, such as salaries, royalties, license fees, bonuses, pension, retirement and deferred compensation benefits. The total compensation of an individual may be questioned and the amount allowed may be limited; and in connection therewith, consideration will be given to the relation of the total compensation to the services rendered.)
 - (d) Depreciation and depletion, based on cost of acquisition (but see paragraph 15-205 (b) and (o)).
 - (e) Directors and executive committee fees and expenses; the expenses of stockholders meetings, annual reports, and reports and returns prepared for governmental authorities; and registry and transfer charges resulting from changes in ownership of securities issued by the contractor.
 - (f) Freight, transportation, and material handling.
 - (g) Improvement of working conditions, employer-employee relations, and standards of performance.
 - (h) Jigs, dies, fixtures, patterns, drawings and special tools.
 - (i) Legal, accounting, and consulting services and related expenses (but see paragraph 15-205 (d) and (I)).
 - (j) Manufacturing and production engineering, that is, engineering related immediately to manufacturing and production as distinguished from research, experimentation, and development.
 - (k) Materials and supplies.
 - (l) Memberships in trade, business and professional organizations.
 - (m) Miscellaneous office and administrative services and supplies, including communication expenses.
 - (n) Overtime compensation for direct or indirect labor, to the extent expressly provided for elsewhere in the contract or otherwise authorized by the Government.

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- (o) Patents, purchased designs, and royalty payments, to the extent expressly provided for elsewhere in the contract or otherwise authorized by the Government.
- (p) Pension, retirement, group health, accident and life insurance plans (but see paragraph 15-205 (p)).
- (q) Plant maintenance and protection.
- (r) Recruiting (including "help wanted" advertising) and training of personnel.
- (s) Research and development specifically applicable to the supplies or services covered by the contract.
- (t) Salaries and wages, direct and indirect (but see paragraph 15-204 (c)).
- (u) Subcontracts and purchase orders.
- (v) Taxes (but see paragraph 15-205 (i) and (r)).
- Termination Costs (but see Article of the Contract entitled "Termination by the Government" (supplied).
- (w) Traveling expenses.
- (x) Vacation, holiday and severance pay, sick leave and military leave, to the extent required by law, by employer-employee agreement or by the contractor's established policy.

15-205 Examples of Items of Unallowable Costs. Irrespective of whether the particular costs are treated by the contractor as direct or indirect, the following items of cost are considered unallowable, except as indicated:

- (a) Advertising, except "help wanted" advertising, and advertising in trade and technical journals (but see paragraph 15-204 (a) and (r)).
- (b) Amortization or depreciation of (i) unrealized appreciation of values of assets, or (ii) assets fully amortized or depreciated on the contractor's books of account.
- (c) Bad debts (including expenses of collection) and reserves for such debts.
- (d) Commissions and bonuses (under whatever name) in connection with obtaining or negotiating for a Government contract.

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- (o) Contingency reserves.
- (f) Contributions and donations.
- (g) Dividend payments.
- (h) Entertainment.
- (i) Federal taxes on income and excess profits.
- (j) General research, unless specifically provided for elsewhere in the contract.
- (k) Interest on borrowings (however represented), bond discount and expenses, and financing charges.
- (l) Legal, accounting and consulting services and related expenses incurred in connection with organization or reorganization, prosecution of patent infringement litigation, defense of anti-trust suits, and the prosecution of claims against the United States.
- (m) Losses from sales or exchanges of capital assets, including investments.
- (n) Losses on other contracts.
- (o) Maintenance, depreciation and other costs incidental to excess facilities (including machinery and equipment) other than reasonable standby facilities.
- (p) Premiums for insurance on the lives of directors, officers, proprietors or other persons, where the contractor is the beneficiary directly or indirectly.
- (q) Selling and distribution activities not related to the contract products.
- (r) Taxes and expenses in connection with financing, refinancing, or refunding operations, including the listing of securities on exchanges.

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Subjects Affecting Cost Which May Require Special Consideration

15-500 Consideration Required. It is important that Contracting Officers and their negotiators consider the subjects enumerated in paragraph 15-502 and any other subjects not precluded by the provisions thereof, for the purpose of (i) determining which subject if any should be expressly provided for in a particular cost-reimbursement type contract and (ii) incorporating appropriate clauses in the contract. Action taken with respect to any such subjects shall be reflected either in the contract or in the record of contract negotiations.

15-502 Examples of Subjects Requiring Special Consideration. The following examples are illustrative of subjects affecting cost which may require special consideration:

- (a) Cost incurred incidental to work covered by the contract but prior to the execution of the contract, with specific identification of the types thereof and the period involved.
- (b) Government-furnished property, general nature and extent.
- (c) Indirect cost basis (i) actual, (ii) predetermined rate or amount, or (iii) other.
- (d) Insurance.
- (e) Intracompany and intercompany transactions.
- (f) Liability to third persons.
- (g) Operation of restaurants and cafeterias.
- (h) Overtime compensation.
- (i) Patents, purchased designs, and royalty payments.
- (j) Personnel movement of a special or mass nature.
- (k) Plant facilities fully depreciated or amortized on the contractor's books of account or acquired without cost (possible compensation for utilization in the form of a use or rental charge).
- (l) Rearrangement or relocation of facilities or plant sites.
- (m) Research programs of a general nature.
- (n) Security measures of a special nature.
- (o) Sharing of cost or research projects of the type which an educational or other nonprofit institution might undertake as a part of its own educational or research program.

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(p) Subcontracting, nature and extent thereof and relation to fee or profit.

(q) Subsistence and housing of employees.

(r) Termination expenses.

(s) Tooling and equipment.

(t) Traveling expenses of a special or unusual nature.

(u) Wages or salaries of partners or sole proprietors.

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APPENDIX III. INSTRUCTIONS TO CONTRACTORS FOR ACCOUNTABILITY OF PROPERTY

Within sixty days after completion of the contract in accordance with Articles 1(b), 4(c)(2) and 9, thereof, final inventory lists should be submitted showing all Government property purchased, developed, constructed, or otherwise obtained under the contract and not expended in performing the work called for. Such final inventory lists should make the following segregation of such property and fully describe it as to nomenclature, condition and quantity:

- (a) Non-expendable articles of personal property on hand.
- (b) Expendable articles of personal property on hand.
- (c) Articles of personal property developed and constructed under the terms of the contract.
- (d) Articles of personal property of any kind delivered to others during the period of the contract. EXPLAIN
- (e) Non-expendable articles of personal property for which no other accounting is made (such as losses by fire, theft, etc.). EXPLAIN
- (f) Alteration and/or construction work done under the contract.

In the final inventory lists, the Contractor should indicate in an appropriate column whether the item was (1) Contractor procured and reimbursable under the contract, or (2) whether the item was supplied directly as Government-furnished equipment, and (3) whether the Contractor wishes to bid for its purchase, and, if so, the amount of his bid. Expendable items of under \$50.00 per unit may be listed by categories rather than itemized.

Certification. The accounting for materials, supplies, and equipment expended in performance of the work called for by the contract should be made by furnishing a signed certification as follows:

"The undersigned Contractor, having completed the work called for by Contract No. PSC-150-UNV hereby certifies that all materials, supplies, and equipment which were furnished to the Contractor by the Government for use on the contract, or for which the Contractor has been or will be reimbursed by the Government under the terms of the contract, if not specifically included in the foregoing inventories, were expended in performing the work called for by the contract."

Submission of Final Inventory. Final inventories should be submitted in triplicate (preferably attached to invoice or voucher covering final costs under the particular contract). Such a report must be submitted and approved before final payment is made.

Election Concerning Plant Alterations. In the cases of alterations or construction, the Contractor shall, within the time limit specified in the contract, state whether he desires to retain the alterations or have his premises restored. In the former instance, he will submit a bid to retain the alteration; in the latter, he will make restoration and submit a voucher for the cost, within the limitation prescribed by the contract, incorporating the following certification:

"The undersigned Contractor hereby certifies (1) that his premises have therefore actually been restored to their condition preceding alteration, (2) that a reasonable effort has been made to keep the cost of restoration to a minimum, and (3) that the cost billed is the actual cost of restoration less the reasonable salvage value, if any, of excess materials remaining after restoration."

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