



TO:

ICST/PPO

ROOM NO.

3501

BUILDING

REMARKS:

STAT

COTR

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FROM:

P&SCB/PD/OL

ROOM NO.

BUILDING

EXTENSION

UNCLASSIFIED

**Contract Data Summary and Routing Sheet**

Contractor Name and Address 99007 - National Academy of Public Administration Foundation 1120 G. Street, NW Suite 540 Washington, DC 20008		Bilateral on X	Unilateral
		Vendor Code 99007	

Base Year 88	Contract Number A408200-000	Task	W.O.	Amend #	Personnel Study of the Intelligence Community
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Overrun Amount	Date Received by PO 01 Feb 1988	Effective Date 17 Feb 1988	Target Date 30 Jan 1989	Date Mailed 25 FEB 1988
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Type of Contract <input type="checkbox"/> Base <input type="checkbox"/> CS <input type="checkbox"/> FPR <input type="checkbox"/> CPAF <input type="checkbox"/> CT <input type="checkbox"/> Grant <input checked="" type="checkbox"/> CPFF <input type="checkbox"/> FFP <input type="checkbox"/> WOC <input type="checkbox"/> CPIF <input type="checkbox"/> FPI <input type="checkbox"/> T&M <input checked="" type="checkbox"/> w/LOE <input type="checkbox"/> Letter Contract	Negotiator	Cost <del>25,709.00</del> 500,000.00
	Project Officer & Extension	GFE Indicator <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of Product or Service <input type="checkbox"/> Base Contract (Unfunded) <input type="checkbox"/> Production <input type="checkbox"/> Research & Development <input checked="" type="checkbox"/> Services <input type="checkbox"/> Annual Services <input type="checkbox"/> Combined with Accomodation	Procurement Method <input type="checkbox"/> Solicitation Procedure (Code A-P) <input checked="" type="checkbox"/> Solicitation Method (Code 1-5) <input type="checkbox"/> Noncompetitive Justification (Code A-Q) <input type="checkbox"/> Administrative Only	Security Classification <input checked="" type="checkbox"/> Association <input type="checkbox"/> Work <input type="checkbox"/> Hardware <input type="checkbox"/> Reports
	Inspecting Office & Directorate IC Staff/PPO	Approved Classified Storage <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	Inspection Report Due Date(s) (Final Report Required for Cost/T&M Type) 17 Mar 88 & Monthly thereafter	Approved Property Procedures <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		FOCI Eligible <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Address Indicator C-0 <u>DO NOT MAIL</u>
		Assignee <u>NO STORAGE</u>

Payment Indicator <input type="checkbox"/> Fast Pay (Deliverables Under \$25,000) <input type="checkbox"/> CC (Deliverables Over \$25,000) <input checked="" type="checkbox"/> Other (Evidence of Ship or Final Acceptance)	Progress Payment % Advanced Payment Amount	Freight Indicator <input checked="" type="checkbox"/> Yes - FOB Destination (Vendor Pays Freight) <input type="checkbox"/> NO - FOB Origin (Government Pays Freight)
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Section	Clause	Paragraph	Subparagraph	Withhold %	Min % Paid	Max % Withheld
N	O	W	I	T	H	

Endorsements	Date	Dir/Off	2420	DCN (88/1245)	Contract Value	Obligated Amount
Negotiator [Signature]	2/19/88	IC/PPO	1502-88-025		500,000.00	500,000.00
Security Officer OL/SS	2/22/88					
General Couns	23 Feb 88					
Other						
Total of New Action					500,000.00	500,000.00
Old Total						
New Total					500,000.00	500,000.00

Contracting Officer	Comments: STAT STAT STAT STAT
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NAPA

Contract No. 88-A408200-000

Business Justification

Section I Procurement Description: This contract provides for a study for the DCI by the National Academy of Public Administration (NAPA) for a personnel study of the Intelligence Community Agencies.

Section II Source Justification: This contract is hereby authorized in accordance with FAR 6.302-5- Authorized or required by statute. The contract aims at fulfilling a requirement of the Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701) a copy of which is filed herein.

Section III Contract Price Justification: On 15 Dec 87 this negotiator met with [redacted] Director of Plans and Policy of the IC Staff, on issues regarding a proposed contract with the National Academy of Public Administration (NAPA). Originally, the primary focus of the contract was to have been CIA, NSA, and DIA, but that has now been expanded to include the FBI and the Dept of State. Subsequent meetings were held with the Study Steering Group (SSG) and the Study Management Policy Group (SMPG) regarding the study. Weekly meetings were held by the SSG regarding the Terms of Reference (TOR) or Statement of Work through mid Jan '88. As a result of these meetings [redacted] D/P&PS, ICS (COTR) officially requested through D/L on 14 Jan '88 a memorandum requesting that an RFP be issued to NAPA for the now approved (by the SMPG) TOR. An RFP was issued to NAPA on 29 Jan '88 with the contractor responding to this RFP on 3 Feb '88. Further meetings were held by the SSG on 5 Feb '88 with clarifications and questions to NAPA during the week of 8 Feb '88. The contractor responded to these clarifications on 12 Feb '88. An audit was requested to be performed on 4 Feb '88 by OF/CSAD with a response on 10 Feb '88. There were no significant issues as a result of the audit (a copy of which is filed herein). Under direct labor the contractor proposed costs for survey/research assistance to cover the costs for analysis of a survey. With no verifiable information by the contractor this item has been negotiated as a set-aside in the contract. Under overhead the contractor has typically proposed a 90% rate for the past few years; however they are proposing 86% based on current projections of an increased total cost input base. Historically the contractor has actually experienced somewhat higher rates. Other direct costs have been proposed using estimates and have been approved by the project office. This contract was telephonically negotiated with Mort Cohen, Finance Officer for

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NAPA

Contract No. 88-A408200-000

Business Justification

NAPA on 17 Feb '88. From the \$500K proposed \$41K will be put into a set aside for further identification and approved by the C.O.

Section IV Justification for Type of Contract: A CPFF (LOE) was negotiated as the best type of contract for this effort because of the many technical uncertainties related to this type of program.

Section V Deviations from Required Clauses: NONE

Section VI Special Contract Clauses: NONE

Section VII Special Problems: NONE

Section VIII Government Furnished Equipment: NONE

Recommendation: Recommend approval as written.

\_\_\_\_\_  
Contract Negotiator                      Date

Approved:

\_\_\_\_\_  
Contracting Officer                      Date

2. CONTRACT (Proc. Inst. Ident.) NO. **DD-A40200-000**

3. EFFECTIVE DATE **17 Feb 1988**

4. REQUISITION/PURCHASE REQUEST/PROJECT NO.

5. ISSUED BY **Post Office Box 12047  
Rooselyn Station  
Arlington, VA 22200**

6. ADMINISTERED BY (if other than Item 5) **STAT**

7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP Code)  
**90007 - National Academy of  
Public Administration Foundation  
1120 G Street, N.W.  
Suite 540  
Washington, D.C. 20005**

8. DELIVERY  
 FOB ORIGIN  OTHER (See below)

9. DISCOUNT FOR PROMPT PAYMENT  
**Net 30 Days**

10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: **ITEM 17**

11. SHIP TO/MARK FOR **CODE** **FACILITY CODE**  
**C-D-E F-E-L-O-0**

12. PAYMENT WILL BE MADE BY **CODE**  
**Office of Finance  
Contract Claims Branch  
P.O. Box 12047, Arlington, VA 22200**

13.  10 USC 2304(a) ( )  41 USC 253(c) ( )

14. ACCOUNTING AND APPROPRIATION DATA

15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	SEE PAGE 2				

15G. TOTAL AMOUNT OF CONTRACT ▶ \$

16. TABLE OF CONTENTS

(✓) SEC.	DESCRIPTION	PAGE(S)	(✓) SEC.	DESCRIPTION	PAGE(S)
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X A	SOLICITATION/CONTRACT FORM	2	X I	CONTRACT CLAUSES	1-10
X B	SUPPLIES OR SERVICES AND PRICES/COSTS	2-4	PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.		
X C	DESCRIPTION/SPECS./WORK STATEMENT	5	X J	LIST OF ATTACHMENTS	1
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X E	INSPECTION AND ACCEPTANCE	5	X K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
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X G	CONTRACT ADMINISTRATION DATA	8-9	X M	EVALUATION FACTORS FOR AWARD	
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CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

RECEIVING - INSPECTION

DATE RECEIVED	PIECES	SHIPMENT NUMBER
		PARTIAL FINAL
WEIGHT	CUBE	

18.  AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number \_\_\_\_\_ including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.

20A. NAME OF CONTRACTING OFFICER **STAT**

20B. UNITED STATES OF AMERICA

20C. DATE SIGNED **25 FEB 1988**

SIGNATURE OF AUTHORIZED GOVERNMENT REP. BY \_\_\_\_\_ (Signature of Contracting Officer)

TO BE INSPECTED BY		PROCURED AS S. C.		NO. DEALERS		NO. BIDS REC'D.		AWARDED TO LOWEST BIDDER AS TO PRICE EXPENDITURE	
T and I	Other as Specified in Schedule	NNT	X ZERO	ONE	COMP			YES	NO Statement Attached
MATERIAL PROC. ALLOTMENT NO. <b>8115-9803</b>		FINANCIAL ANALYSIS NUMBER <b>8115-9803</b>		PURSUANT TO SEC. 3(a) PL 81-110, 1949 AND APPLICABLE AGENCY REGULATION		1.50		METHOD OF PROCUREMENT	
DOCUMENT CONTROL NUMBER <b>1502-88-0026</b>		BUDGET REQ. OFFICE COPY TO <b>IC5/B&amp;P</b>		COTR:					
NAME - ROOM - BUILDING		PIN or ORN:		VIA		AIR		SEA	
For STOCK: ALLOCATION NO.		For SHIPMENT: STATION NO.		POUCH		OTHER (Specify)			
NOT SUBJECT TO F.P.A. (Pay on basis of certification on) →		INVOICE BY AN APPROVING OFFICIAL (O/F forward to office shown above.)		RECEIVING REPORT BY AN APPROVING OFFICIAL W/O DEBIT VOUCHER NO.		OTHER (AS SPECIFIED IN SCHEDULE OR BELOW			

MEMORANDUM

COTR: \_\_\_\_\_ PI: \*0\* **STAT**

ORN: **1500825400600**

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If you have any questions concerning this acton, please contact  
the Administrative Contracting Officer, [REDACTED]

PART I - THE SCHEDULE

SECTION A - SOLICITATION/CONTRACT FORM

A-1. 52.216-708: Type of Contract and Consideration (CPFF-LOET) (APR 1984)

This is a Cost Plus Fixed Fee (CPFF) Level of Effort Term type contract, as identified under Federal Acquisition Regulation (FAR) 16.306, in the total estimated amounts set forth below:

Estimated Costs:	\$474,291.00
Fixed Fee:	\$ 25,709.00
Total CPFF:	\$500,000.00

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

B-1. 52.204-712: Scope of Contract (Cost Reimbursement/Level of Effort (Term) without Task Orders) (APR 1984) (MODIFIED)

The Contractor shall:

A. On a Level of Effort basis, provide a Personnel Study of the Intelligence Community program consisting of not less than 895 nor more than 895 man/person days of effort and expend his best efforts towards accomplishing assigned tasks in the performance of a study reviewing the Intelligence Community's personnel management and compensation systems in support of the Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701), in accordance with the Section C Statement of Work (SOW), dated 29 January 1988, the Contractor's Technical Proposal, dated 3 February 1988, as revised 12 February 1988, and all applicable Specifications, Application Standards and/or Requirements documents. For the purposes of this contract, one man/person day shall consist of eight (8) direct, straight time hours expended by an individual assigned to and working under this contract.

B. In accordance with the terms and conditions set forth hereafter, furnish the necessary qualified and properly cleared personnel, services, travel, facilities, and materials (except those specifically designated to be provided by the Government) to enable accomplishment of the

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tasks assigned under this Contract. The estimated composition of the total man/person hours required under this Contract is as follows:

<u>LABOR CATEGORY</u>	<u>DIRECT LABOR DAYS</u>	<u>DAILY RATE</u>
Sr. Res. Assoc./Project Dir.	125 Days	\$325.00
Sr. Res. Assoc./Deputy Pro. Dir.	180 Days	\$300.00
Research Associates	150 Days	\$250.00
Research Associate	140 Days	\$225.00
Admin. Ass't.	150 Days	\$160.00
Project Secretary	150 Days	\$150.00

C. Conduct and/or participate in Progress Review Meetings, as required by the COTR, in order to review task performance and completion.

D. Prepare and submit monthly 11 copies of the following documentation:

(1) Contract Status Reports.

(2) Graphic presentation of actual labor hours expended versus planned hours on both a monthly and cumulative basis.

(3) Cost Expenditure Reports.

E. The Contractor shall continually evaluate the total level of effort required and recommend, to the Government, changes thereto which are considered beneficial in attaining the overall objectives of this contract. In controlling the utilization of man-days of effort, the Contractor shall promptly notify the Contracting Officer, in writing, when there is an indication that premature exhaustion of the total man-days of effort is predicted.

F. It is understood and agreed that the rate of man-days during the period of performance may fluctuate in pursuit of the technical objective; however, such fluctuations will be controlled to avoid an exhaustion of the total man-days of effort before the expiration of the term of the contract. Further and when deemed necessary by the Contractor, the days of effort in any classification shown in paragraph B, above, may be used in any other direct labor classifications.

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G. It is further agreed that the Contractor may submit written requests for acceleration of the average daily rate of effort that will result in the utilization of the total man-days set forth above prior to the expiration date of this contract. If such request is approved by the Contracting Officer, the accelerated performance shall be without increase in contract price and the transaction formalized by Supplemental Agreement to this contract.

H. On or about the completion date of this contract, the Contractor shall submit to the Contracting Officer a brief certified statement supported by a breakdown, by labor category, of the labor days actually expended in the performance of this contract. In the event and to the extent that days of expenditure of direct labor days are accepted under the provision entitled "Reimbursement of Costs", they shall be credited against the days of the Contractor's obligations as set forth herein.

I. The Fixed Fee for performance under this contract is predicated upon the contractor furnishing at least the minimum but up to and including the maximum effort specified. In the event the minimum effort is not provided as specified, the fee will be adjusted accordingly.

J. Reductions in either the minimum and/or maximum quantity of man-days or in the Period of Performance of this contract may be made in accordance with the procedures established by the clause of this contract entitled "Changes".

K. In the event the Government desires an additional level of effort in excess of the maximum man-days specified prior to contract completion, the parties shall negotiate to make equitable adjustment of the amount of Fixed Fee payable hereunder.

L. There is an amount of \$40,418.00 set-aside included in the total amount of this contract to be used in general support, i.e., labor and other direct costs, when specifically identified and approved by the Contracting Officer. This amount was arrived at as follows:

Survey/Research Assistance	\$20,500.00
Overhead 86%	17,630.00
Academy Fee 6%	<u>2,288.00</u>
Total	\$40,418.00



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SECTION C - STATEMENT OF WORK

\*\*\* SEE SECTION J - LIST OF ATTACHMENTS \*\*\*

SECTION D - PACKING AND MARKING

\*\*\* NOT APPLICABLE TO THIS CONTRACT \*\*\*

SECTION E - INSPECTION AND ACCEPTANCE

E-1. 52.246-704 Inspection and Acceptance (Cost Reimbursement  
Supplies/Services) (APR 1984)

The following clause(s) is/are incorporated as a part of this solicitation or contract by reference with the same force and effect as though herein set forth in full text:

(X) 52.246-5 Inspection of Services - Cost Reimbursement (APR 1984)

E-2. 52.246-709 Inspection and Acceptance at Destination (APR 1984)

Final inspection and acceptance of work accomplished, services provided and/or items produced or deliverable under this contract shall be performed at destination by the duly authorized Contracting Officer's Technical Representative (COTR).

SECTION F - DELIVERIES OR PERFORMANCE

F-1. 52.252-2 Clauses Incorporated By Reference (APR 1984)

(A) This contract incorporates the following clauses by reference, with the same full force and effect as if they were given full text. Upon request the Contracting Officer will make this text available.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

F-2. 52.212-13 Stop Work Order (APR 1984)

F-3. 52.247-34 F.o.b. Destination (APR 1984)

F-4. Period of Performance

The period of performance of this contract shall be from 17 February 1988 to 30 January 1989.

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F-5. 52.212-700 Personal Delivery (APR 1984)

In the event any item under this contract is personally delivered to the COTR, the Contractor shall obtain a signed receipt in duplicate from the COTR. One copy of the receipt shall be attached to the Contractor's invoice submitted for payment for such item(s). Failure to do so will result in delayed payment as the Disbursing Officer is prohibited from making payment without evidence of delivery.

F-6. 52.212-701 Late Delivery (APR 1984)

When the Contractor encounters difficulty in meeting performance requirements, or anticipates difficulty in complying with the contract delivery schedule or date, he shall immediately notify the Contracting Office in writing giving pertinent details; provided, however, that his data shall be informational only in character and that this provision shall not be construed as a waiver by the Government of any delivery schedule for any rights or remedies provided by law or under this contract.

F-7. 52.245-700 Government Furnished Property (Schedule) (APR 1984)  
(Modified)

A. Under the contract clause entitled "Government Property", the Government shall deliver to the Contractor the following property for use in the performance of this contract or such other contract(s) as may be authorized by the Contracting Officer:

ITEM NO.	DESCRIPTION	QTY.	ESTIMATED VALUE	DELIVERY DATE(S)
1.	Office Space up to 1,000 Sq.Ft.	ALL	\$ N/A	At Award
2.	Local Telephone service	ALL	\$ N/A	At Award
3.	Office Supplies & Furniture	All	\$ N/A	At Award
4.	Janitorial Services	All	\$ N/A	At Award
5.	Facilities Security & Maintenance	ALL	\$ N/A	At Award
6.	Municipal Utilities & Electricity	All	\$ N/A	At Award
7.	Secure Storage for Materials	All	\$ N/A	At Award

NOTE: All Government Furnished Property is furnished at facilities located in Northern Virginia.

B. The contractor shall verify the quantity and condition of the property identified above immediately upon receipt. Shortages and/or damaged or defective property shall be promptly reported to the Contracting Officer after having a confirming inspection thereof made by a designated representative of the Contracting Officer. The

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Contractor may also request a confirming inspection by the carrier's representative where it considers the damage to be attributable, in some degree, to the carrier.

C. Liability: As limited by the Section I Contract Clause governing Government property, the Contractor will be liable for the loss, destruction or impairment of the usefulness of the Government property and facilities provided under this contract..

D. Inventory Accounting: On 30 September of each calendar year or within 30 days after completion or termination of this contract, whichever occurs first, the Contractor shall provide an accounting of all Government Property which has come into its possession or custody under this contract. In fulfillment of the requirements of the above reference clause, reporting of Government Property inventory shall be submitted in Standard Form 1400 - Series documents or other such Contractor documents as may be approved for use by the Contracting Officer.

E. All inquiries with regard to the above property should be directed to the Contracting Officer.

F-8. 52.212-712 Time of Delivery (Modified)

The Government requires delivery of the items specified in the statement of work as deliverables according to the schedule set forth under the statement of work.

F-9. 52.212-713 Place of Performance (Modified)

All work performed under this contract shall be at Government facilities located in the Northern Virginia area.

F-10. Contract Status Report

Monthly contract status reports shall be submitted to the Contracting Officer not later than 15 calendar days after the close of the month covered by the report and shall include, among other things, the percentage of total performance of the contract completed and the percentage of total estimated or target cost expended as of the end of that month. Such report shall be in the format of Attachment 1 to the contract. When this report indicates a deviation of 15 percent or more from the Contractor's original projection of either monthly expenditures or performance goals, the contractor shall recite reasons therefore. Failure to submit this report will result in delay in payment of invoices.

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SECTION G - CONTRACT ADMINISTRATION DATA

G-1. 52.242-701 Authority and Designation of a Contracting Officer's  
Technical Representative (COTR) (B) (APR 1984)

A. Authority. Performance of this contract is subject to the technical guidance, supervision and approval of the Contracting Officer or his designated representative (COTR). As used herein, "technical guidance" is restricted to scientific, engineering or other technical field of discipline matters, directly related to the work to be performed. Such guidance may be provided for the purposes of filling in details, clarifying, interpreting or otherwise serving to accomplish the technical administration of this contract and the inspection of supplies being produced, services being provided or work being performed to assess compliance with the scope, estimated cost (if Cost Reimbursement), schedule and technical requirements of the contract.

B. Designation. The individual(s) identified below is/are authorized access to all information concerning this contract during the life of the contract unless this authorization is reassigned by an Administrative Change to the Contract:

<u>Name</u>	<u>Telephone No.</u>

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C. Notification. The Contracting Officer is the only representative of the Government authorized to negotiate, enter into, modify or take any other action with respect to contracts. Therefore, no other employee or representative of the Government has the authority to initiate a course of action which may alter the terms of this contract. All revisions to specifications, requirements or informal commitments which may involve a change in either the total cost/price, scope, delivery schedule or legal aspects of this contract must be accomplished by change order or supplemental agreement, to be negotiated and signed by the Contracting Officer. Should any action by Government personnel (other than the Contracting Officer) imply a commitment on the part of the Government which would effect the terms of this contract, the Contractor must notify the Contracting Officer and obtain approval prior to proceeding. Otherwise, the Contractor proceeds at his own risk.

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G-2. 52.232-700 Payment and Invoicing Instructions (A) (APR 1984)

Invoices shall be mailed to the following payments office:

Chief, Commercial Claims Branch  
P.O. Box 12708  
Rosslyn Station  
Arlington, VA 22209

Payment will be made by the Government not later than 30 days from the date a proper invoice is received by the above payments office. A proper invoice must include:

- a. Contractor's name and invoice date
- b. Contract number
- c. Itemized cost elements and fee (for cost reimbursable contracts)

OR

Itemized labor categories and material costs (for T&M contracts).

- d. Name, title, phone number, and complete mailing address of responsible office to whom payment is to be made.

Notice of an apparent error, defect, or impropriety in an invoice shall be given to the contractor within 15 days of receipt of the invoice by the payment office. Inquiries regarding invoices can be made to Chief, Commercial Claims Branch on

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G-3. 52.215-33 ORDER OF PRECEDENCE (JAN 1986)

Any inconsistency in this solicitation or contract shall be resolved by giving precedence in the following order:

- (a) The schedule (excluding the Specifications)
- (b) Representations and other instructions
- (c) Contract Clauses
- (d) Other documents, exhibits, and attachments; and
- (e) the Specifications

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## SECTION H - SPECIAL CONTRACT REQUIREMENTS

### H-1. 52.216-7 Allowable Cost and Payment (APR 1984)

(a) Invoicing. The Government shall make payments to the Contractor when requested as work progresses, but (except for small business concerns) not more often than once every 2 weeks, in amounts determined to be allowable by the Contracting Officer in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) in effect on the date of this contract and the terms of this Contract. The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this contract.

#### (b) Reimbursing costs.

(1) For the purpose of reimbursing allowable costs (except as provided in subparagraph (2) below, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only--

(i) Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(ii) When the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for--

(A) Materials issued from the Contractor's inventory and placed in the production process for use on the contract;

(B) Direct labor;

(C) Direct travel;

(D) Other direct in-house costs; and

(E) Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(iii) The amount of progress, payments that have been paid to the Contractor's subcontractors under similar cost standards.

(2) Contractor contributions to any pension, profitsharing, or employee stock ownership plan funds that are paid quarterly or more often may be included in indirect costs for payment purposes; provided, that the Contractor pays the contribution to the fund within 30 days after the close of the period covered. Payments made 30 days or more after the close of a period shall not be included until the Contractor contributions that are paid less often than quarterly shall be excluded from indirect costs for payment purposes until the Contractor actually makes the payment.

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(3) Notwithstanding the audit and adjustment of invoices or vouchers under paragraph (g) below, allowable indirect costs under this contract shall be obtained by applying indirect costs rates established in accordance with paragraph (d) below.

(4) Any statements in specifications or other documents incorporated in this contract by reference designating performance of services or furnishing of materials at the Contractor's expense or at no cost to the Government shall be disregarded for purposes of cost-reimbursement under this clause.

(c) Small business concerns. A small business concern may be paid more often than every 2 weeks and may invoice and be paid for recorded costs for items or services purchased directly for the contract, even though the concern has not yet paid for those items or services.

(d) Final indirect cost rates.

(1) Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.

(2) The Contractor shall, within 90 days after the expiration of each of its fiscal years, or by a later date approved by the Contracting Officer, submit to the cognizant Contracting Officer responsible for negotiating its final indirect cost rates and, if required by agency procedures, to the cognizant audit activity proposed final indirect cost rates for that period and supporting cost data specifying the contract and/or subcontract to which the rates apply. The proposed rates shall be based on the Contractor's actual cost experience for that period. The appropriate Government representative and Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.

(3) The Contractor and the appropriate Government representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify (i) the agreed-upon final annual indirect cost rates, (II) the bases to which the rates apply, (III) the periods for which the rates apply, (iv) any specific indirect cost items treated as direct costs in the settlement, and (v) the affected contract and/or subcontract, identifying any with advance agreements or special terms and the applicable rates. The understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this contract. The understanding is incorporated into this contract upon execution.

(4) Failure by the parties to agree on a final annual indirect cost rate shall be a dispute within the meaning of the Disputes clause.

(e) Billing rates. Until final annual indirect cost rates are established for any period, the Government shall reimburse the

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Contractor at billing rates established by the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates--

(1) Shall be the anticipated final rates; and

(2) May be prospectively or retroactively revised by mutual agreement, at either party's request, to prevent substantial overpayment or underpayment.

(f) Quick-closeout procedures. When the Contractor and Contracting Officer agree, the quick-closeout procedures of Subpart 42.7 of the FAR may be used.

(g) Audit. At any time or times before final payment, the Contracting Officer may have the Contractor's invoices or vouchers and statements of cost audited. Any payment may be (1) reduced by amounts found by the Contracting Officer not to constitute allowable costs or (2) adjusted for prior overpayments or underpayments.

(h) Final payment.

(1) The Contractor shall submit a completion invoice or voucher, designated as such, promptly upon completion of the work, but no later than one year (or longer, as the Contracting Officer may approve in writing) from the completion date. Upon approval of that invoice or voucher, and upon the Contractor's compliance with all terms of this contract, the Government shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.

(2) The Contractor shall pay to the Government any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this contract, to the extent that those amounts are properly allocable to costs for which the Contractor has been reimbursed by the Government. Reasonable expenses incurred by the Contractor for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by the Contracting Officer. Before final payment under this contract, the Contractor and each assignee whose assignment is in effect at the time of final payment shall execute and deliver--

(i) An assignment to the Government, in form and substance satisfactory to the Contracting Officer, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract; and

(ii) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, except--

(A) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;



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(B) Claims (including reasonable incidental expenses) based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided, that the claims are not known to the Contractor on the date of the execution of the release, and that the Contractor gives notice of the claims in writing to the Contracting Officer within 6 years following the release date or notice of final payment date, whichever is earlier; and

(C) Claims for reimbursement of costs including reasonable incidental expenses, incurred by the Contractor under the patent clauses of this contract, excluding, however, any expenses arising from the Contractor's indemnification of the Government against patent liability.

H-2. 52.216-8 Fixed Fee (APR 1984)

(a) The Government shall pay the Contractor for performing this contract the fixed fee specified in the Schedule.

(b) Payment of the fixed fee shall be made as specified in the Schedule; provided, that after payment of 85 percent of the fixed fee, the Contracting Officer may withhold further payment of fee until a reserve is set aside in an amount that the Contracting Officer considers necessary to protect the Government's interest. This reserve shall not exceed 15 percent of the total fixed fee or \$100,000., whichever is less.

H-3. 52.222-2 Payment for Overtime Premiums (APR 1984)

(a) The use of overtime is authorized under this contract if the overtime premium cost does not exceed \$0.00. In addition to this dollar ceiling, overtime is permitted only for work -

(1) Necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature;

(2) By indirect-labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting;

(3) To perform tests, industrial processes, laboratory procedures, loading or unloading of transportation conveyances, and operations in flight or afloat that are continuous in nature and cannot reasonably be interrupted or completed otherwise; or

(4) That will result in lower overall costs to the Government.

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(b) Any request for estimated overtime premiums that exceeds the amount specified above shall include all estimated overtime for contract completion and shall -

(1) Identify the work unit; e.g., department or section in which the requested overtime will be used, together with present workload, staffing, and other data of the affected unit sufficient to permit the Contracting Officer to evaluate the necessity for the overtime;

(2) Demonstrate the effect that denial of the request will have on the contract delivery or performance schedule;

(3) Identify the extent to which approval of overtime would affect the performance or payments in connection with other Government contracts, together with identification of each affected contract; and

(4) Provide reasons why the required work cannot be performed by using multishift operations or by employing additional personnel.

H-4. 52.232-9 Limitation on Withholding of Payments (APR 1984)

If more than one clause or Schedule term of this contract authorizes the temporary withholding of amounts otherwise payable to the Contractor for supplies delivered or services performed, the total of the amounts withheld at any one time shall not exceed the greatest amount that may be withheld under any one clause or Schedule term at that time; provided, that this limitation shall not apply to--

(a) Withholdings pursuant to any clause relating to wages or hours of employees;

(b) Withholdings not specifically provided for by this contract;

(c) The recovery of overpayments; and

(d) Any other withholding for which the Contracting Officer determines that this limitation is inappropriate.

H-5. 52.232-17 Interest (APR 1984)

(a) Notwithstanding any other clause of this contract, all amounts that become payable by the Contractor to the Government under this contract (net of any applicable tax credit under the Internal Revenue Code (26 U.S.C. 1481)) shall bear simple interest from the date due until paid unless paid within 30 days of becoming due. The interest rate shall be the interest rate established by the Secretary of the Treasury as provided in Section 12 of the Contract Disputes Act of 1978 (Public Law 95-563), which is applicable to the period in which the amount becomes due, as provided in paragraph (b) of this clause, and then at the rate applicable for each six-month period as fixed by the Secretary until the amount is paid.

(b) Amounts shall be due at the earliest of the following dates:

(1) The date fixed under this contract.

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(2) The date of the first written demand for payment consistent with this contract, including any demand resulting from a default termination.

(3) The date the Government transmits to the Contractor a proposed supplemental agreement to confirm completed negotiations establishing the amount of debt.

(4) If this contract provides for revision of prices, the date of written notice to the Contractor stating the amount of refund payable in connection with a pricing proposal or a negotiated pricing agreement not confirmed by contract modification.

(c) The interest charge made under this clause may be reduced under the procedures prescribed in 32.614-2 of the Federal Acquisition Regulation in effect on the date of this contract.

H-6. 52.232-20 Limitation of Cost (APR 1984)

(a) The parties estimate that performance of this contract, exclusive of any fee, will not cost the Government more than (1) the estimated cost specified in the Schedule or, (2) if this is a cost-sharing contract, the Government's share of the estimated cost specified in the Schedule. The Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this contract within the estimated cost, which, if this is a cost-sharing contract, includes both the Government's and the Contractor's share of the cost.

(b) The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe that-

(1) The costs the contractor expects to incur under this contract in the next 60 days, when added to all costs previously incurred, will exceed 75 percent of the estimated cost specified in the Schedule; or

(2) The total cost for the performance of this contract, exclusive of any fee, will neither greater or substantially less than had been previously estimated.

(c) As part of the notification, the Contractor shall provide the Contracting Officer a revised estimate of the total cost of performing this contract.

(d) Except as required by other provisions of this contract, specifically citing and stated to be an exception to this clause-

(1) The Government is not obligated to reimburse the Contractor for costs incurred in excess of (i) the estimated cost specified in the Schedule or, (ii) if this is a cost-sharing contract, the estimated cost to the Government specified in the Schedule; and

(2) The Contractor is not obligated to continue performance under this contract (including actions under the Termination clause of this contract) or otherwise incur costs in excess of the

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estimated cost specified in the Schedule, until the Contracting Officer (i) notifies the Contractor in writing that the estimated cost has been increased and (ii) provides a revised estimated total cost of performing this contract. If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the Schedule.

(e) No notice, communication, or representation in any form other than that specified in subparagraph (d)(2) above, or from any person other than the Contracting Officer, shall affect this contract's estimated cost to the Government. In the absence of the specified notice, the Government is not obligated to reimburse the Contractor for any costs in excess of the estimated cost or, if this is a cost-sharing contract, for any costs in excess of the estimated cost to the Government specified in the Schedule, whether those excess costs were incurred during the course of the contract or as a result of termination.

(f) If the estimated cost specified in the Schedule is increased, any costs the Contractor incurs before the increase that are in excess of the previously estimated cost shall be allowable to the same extent as if incurred afterward, unless the Contracting Officer issues a termination or other notice directing that the increase is solely to cover termination or other specified expenses.

(g) Change orders shall not be considered an authorization to exceed the estimated cost to the Government specified in the Schedule, unless they contain a statement increasing the estimated cost.

(h) If this contract is terminated or the estimated cost is not increased, the Government and the Contractor shall negotiate an equitable distribution of all property produced or purchased under the contract, based upon the share of costs incurred by each.

H-7. 52.217-9 Option to Extend the Term of the Contract - Services (APR 1984)

(a) The Government may extend the term of this contract by written notice to the Contractor within the time specified in the Schedule; provided, that the Government shall give the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option provision.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 30 September 1989.

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H-8. 52.237-3 Continuity of Services (APR 1984)

(a) The Contractor recognizes that the services under this contract are vital to the Government and must be continued without interruption and that, upon contract expiration, a successor, either the Government or another contractor, may continue them. The Contractor agrees to (1) furnish phase-in training and (2) exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor.

(b) The Contractor shall, upon the Contracting Officer's written notice, (1) furnish phase-in, phase-out services for up to 60 days after this contract expires and (2) negotiate in good faith a plan with a successor to determine the nature and extent of phase-in, phase-out services required. The plan shall specify a training program and a date for transferring responsibilities for each division of work described in the plan, and shall be subject to the Contracting Officer's approval. The Contractor shall provide sufficient experienced personnel during the phase-in, phase-out period to ensure that the services called for by this contract are maintained at the required level of proficiency.

(c) The Contractor shall allow as many personnel as practicable to remain on the job to help the successor maintain the continuity and consistency of the services required by this contract. The Contractor also shall disclose necessary personnel records and allow the successor to conduct onsite interviews with these employees. If selected employees are agreeable to the change, the Contractor shall release them at a mutually agreeable date and negotiate transfer of their earned fringe benefits to the successor.

(d) The Contractor shall be reimbursed for all reasonable phase-in, phase-out costs (i.e., costs incurred within the agreed period after contract expiration that result from phase-in, phase-out operations) and a fee (profit) not to exceed a pro rata portion of the fee (profit) under this contract.

H-9. 52.204-715 Full Contract Funding Allotment and Obligation (APR 1984)

In total support of the Government's obligation to reimburse the Contractor for the delivery of supplies and/or the performance of services or efforts as herein contracted, funding in the total amount of \$500,000.00 has been appropriated/allotted and is hereby made available for reimbursement(s) under the terms and conditions therefor. Except as may be specifically required by other provisions of this contract, the Government is not obligated to reimburse the Contractor for costs incurred and the Contractor is not obligated to continue performance under this contract or otherwise incur costs, in excess of the estimated or Target Cost specified elsewhere in this Schedule, unless and until the

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Contracting Officer notifies the Contractor in writing that the current allotment/obligation has been increased and specifies an increased amount, which shall then constitute the total amount allotted by the Government to this contract. Such notification shall be provided in the form of an Amendment to this contract.

H-10. 52.204-721 Reimbursement of Costs (Full Funding) (APR 1984)

(i) Allowable costs constitute those costs incurred by the Contractor in the performance of this contract which are accepted by the Contracting Officer or his duly authorized representative as chargeable hereto in accordance with the General Provision entitled "Allowable Costs and Payment" (FAR 52.216-7), as limited by the General Provision entitled "Limitation of Cost" (FAR 52.232-20).

(ii) Travel shall be reimbursed at cost. Subsistence shall be reimbursed at cost or on a per diem basis consistent with the Contractor's standard policy for the labor category concerned, provided such expense is chargeable directly to this contract in accordance with the Contractor's established method of distributing such expense.

(iii) Upon determination of the allowable costs, actual overhead and general and administrative expense costs applicable to this contract, any payment that has been made to the Contractor shall be adjusted to reflect such actual costs.

(iv) The total travel requirements of this contract shall not exceed the amount of \$14,190.00, unless and until the Contracting Officer notifies the Contractor in writing that such limitation has been increased and specified an increased amount, which shall then constitute the total limitation for travel requirements.

(v) Overtime Premiums as authorized under this contract shall not exceed the amount of \$0.00, unless and until the Contracting Officer notifies the Contractor in writing that such limitation has been increased and specifies an increased amount, which shall then constitute the total authorization applicable to the General Provision entitled "Payment of Overtime Premiums" (FAR 52.222-2).

(vi) It is understood and agreed that Facilities Capital Cost of Money (FCCM), as identified under FAR 31.205-10 and Cost Accounting Standard (CAS) 414, shall not be an allowable/chargeable cost under this contract and, as a result, is hereby waived pursuant to FAR 52.215-31 entitled "Waiver of Facilities Capital Cost of Money" which is incorporated as a part of this contract by reference.

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H-11. 52.232-23 Assignment of Claims (APR 1984)

(a) The Contractor, under the Assignment of Claims Act, as amended, 31 U.S.C. 203, 41 U.S.C. 15 (hereafter referred to as the "the Act"), may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.

(b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

(c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

H-12. 52.242-1 Notice of Intent to Disallow Costs (APR 1984)

(a) Notwithstanding any other clause of this contract-

(1) The Contracting Officer may at any time issue to the Contractor a written notice of intent to disallow specified costs incurred or planned for incurrence under this contract that have been determined not to be allowable under the contract terms; and

(2) The Contractor may, after receiving a notice under subparagraph (1) above, submit a written response to the Contracting Officer, with justification for allowance of the costs. If the Contractor does respond within 60 days, the Contracting Officer shall, within 60 days of receiving the response, either make a written withdrawal of the notice or issue a written decision.

(b) Failure to issue a notice under this Notice of Intent to Disallow Costs clause shall not affect the Government's rights to take exception to incurred costs.

H-13. 52.243-7 Notification of Changes (APR 1984)

(a) Definitions. "Contracting Officer", as used in this clause, does not include any representative of the Contracting Officer. "Specifically Authorized Representative (SAR)", as used in this clause, means any person the Contracting Officer has so

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designated by written notice (a copy of which shall be provided to the Contractor) which shall refer to this subparagraph and shall be issued to the designated representative before the SAR exercises such authority.

(b) Notice. The primary purpose of this clause is to obtain prompt reporting of Government conduct that the Contractor considers to constitute a change to this contract. Except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Administrative Contracting Officer in writing promptly, within 30 calendar days from the date that the Contractor identifies any Government conduct (including actions, inactions, and written or oral communications) that the Contractor regards as a change to the contract terms and conditions. On the basis of the most accurate information available to the Contractor, the notice shall state-

(1) The date, nature, and circumstances of the conduct regarded as a change;

(2) The name, function, and activity of each Government individual and Contractor official or employee involved in or knowledgeable about such conduct;

(3) The identification of any documents and the substance of any oral communication involved in such conduct;

(4) In the instance of alleged acceleration of scheduled performance or delivery, the basis upon which it arose;

(5) The particular elements of contract performance for which the Contractor may seek an equitable adjustment under this clause, including-

(i) What contract line items have been or may be affected by the alleged change;

(ii) What labor or materials or both have been or may be added, deleted, or wasted by the alleged change;

(iii)

To the extent practicable, what delay and disruption in the manner and sequence of performance and effect on continued performance have been or may be caused by the alleged change;

(iv) What adjustments to contract price, delivery schedule, and other provisions affected by the alleged change are estimated; and

(6) The Contractor's estimate of the time by which the Government must respond to the Contractor's notice to minimize cost, delay or disruption of performance.

(c) Continued performance. Following submission of the notice required by (b) above, the Contractor shall diligently continue performance of this contract to the maximum extent possible in accordance with its terms and conditions as construed



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by the Contractor, unless the notice reports a direction of the Contracting Officer or a communication from a SAR of the Contracting Officer, in either of which events the Contractor shall continue performance; provided, however, that if the Contractor regards the direction or communication as a change as described in (b) above, notice shall be given in the manner provided. All directions, communications, interpretations, orders and similar actions of the SAR shall be reduced to writing promptly and copies furnished to the Contractor and to the Contracting Officer. The Contracting Officer shall promptly countermand any action which exceeds the authority of the SAR.

(d) Government response. The Contracting Officer shall promptly, within 30 calendar days after receipt of notice, respond to the notice in writing. In responding, the Contracting Officer shall either-

- (1) Confirm that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance;
- (2) Countermand any communication regarded as a change;
- (3) Deny that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance; or
- (4) In the event the Contractor's notice information is inadequate to make a decision under (1), (2), or (3) above, advise the Contractor what additional information is required, and establish the date by which it should be furnished and the date thereafter by which the Government will respond.

(e) Equitable adjustments. (1) If the Contracting Officer confirms that Government conduct effected a change as alleged by the Contractor, and the conduct causes an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this contract, whether changed or not changed by such conduct, an equitable adjustment shall be made-

- (i) In the contract price or delivery schedule or both; and
- (ii) In such other provisions of the contract as may be affected.

(2) The contract shall be modified in writing accordingly. In the case of drawings, designs or specifications which are defective and for which the Government is responsible, the equitable adjustment shall include the cost and time extension for delay reasonably incurred by the Contractor in attempting to comply with the defective drawings, designs or specifications before the Contractor identified, or reasonably should have identified, such defect. When the cost of property made obsolete or

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excess as a result of a change confirmed by the Contracting Officer under this clause is included in the equitable adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of the property. The equitable adjustment shall not include increased costs or time extensions for delay resulting from the Contractor's failure to provide notice or to continue performance as provided, respectively, in (b) and (c) above.

H-14. DAR SUPP 52.227-7030 Technical Data - Withholding of Payment (JUL 1976)

(a) If "Technical Data" (as defined in the clause of this contract entitled "Rights in Technical Data and Computer Software"), or any part thereof, specified to be delivered under this contract, is not delivered within the time specified by this contract or is deficient upon delivery (including having restrictive markings not specifically authorized by this contract), the Contracting Officer may until such data is accepted by the Government, withhold payment to the Contractor of ten percent (10%) of the total contract price or amount unless a lesser withholding is specified in the contract. Payments shall not be withheld nor any other action taken pursuant to this paragraph when the Contractor's failure to make timely delivery or to deliver such data without deficiencies arises out of causes beyond the control and without the fault or negligence of the Contractor.

(b) After payments total ninety percent (90%) of the total contract price or amount and if all technical data specified to be delivered under this contract has not been accepted, the Contracting Officer may, withhold from further payment such sum as he considers appropriate, not exceeding ten percent (10%) of the total contract price or amount unless a lesser withholding limit is specified in the contract.

(c) The withholding of any amount or subsequent payment to the Contractor shall not be construed as a waiver of any rights accruing to the Government under this contract.

H-15. Security Requirements

The building wherein all work hereunder will be performed is under strict security control. The Contractor agrees on behalf of himself and all subcontractors that he will assign only U.S. citizens to perform stated efforts. All persons granted access to the Government's building shall be subject to espionage laws and other Federal laws relating to improper disclosure of classified information.

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H-16. Security Restrictions

The association of the Sponsor with the work being performed hereunder is UNCLASSIFIED. Work, reports, and/or hardware under this contract classified SECRET and up to TOP SECRET SI/TK are authorized to be produced or developed hereunder. The Contractor shall not store any classified materials at his facility.

H-17. Personal Conduct

The Contractor and his employees shall comply with the conduct requirements in effect at the Government's work site. The Government reserves the right to exclude or remove from the site any employee of the Contractor or of a subcontractor whom the Government deems careless, insubordinate, or otherwise objectionable or whose continued employment on the work is deemed by the Government to be contrary to the public interest. Exclusion under such circumstances will not relieve the Contractor from full performance within the cost/price and schedule requirements of this agreement, nor will it provide the basis for any future claims against the Government.

H-18. Contractor Personnel Supervision

The Contractor's personnel shall at all times be considered and recognized as employees of the Contractor and under his control as far as the contractual relationship is concerned. In order to ensure that the services as defined in the Statement of Work are satisfactorily performed, the Contracting Officer, or his designee, shall issue directions and requirements concerning the work to be performed only to the designated supervisory personnel of the Contractor who shall, in turn, be responsible to ensure that the requested services are performed in a manner satisfactory to such Contracting Officer or his designee.

H-19. Foreign Ownership, Control, or Influence:

The Contractor is advised that it is the Government's intent to secure services or equipment from firms which are not under foreign ownership, control, or influence (FOCI) or where any FOCI may, in the opinion of the Government, adversely impact on Government security requirements. Accordingly, all firms initiating performance of a contract are required to submit a DOD Form 441s (Certificate Pertaining to Foreign Interests) prior to contract performance. DOD Form 441s entries should specify, where necessary, the identity, nature, degree, and impact of any FOCI on their organization or activities. Notwithstanding the limitation on contracting with a

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vendor under FOCI identified above, the Government reserves the right to contract with such firms under appropriate arrangements, when it determines that such contracts will be in the best interest of the Government.

H-20. Key Personnel

The Contractor shall assign the following appropriate personnel with Sponsor TOP SECRET INDUSTRIAL SECURITY STAFF APPROVAL, SI/TK clearances to be available to commence work under this contract:

Name

Title

--

STAT

The personnel specified above are considered to be essential to the work performed hereunder. Prior to diverting any of the specified individuals to other programs, the Contractor shall provide advance notification, in writing, of at least forty-five (45) calendar days to the Contracting Officer and shall submit justification (including proposed substitutes) in sufficient detail to permit evaluation of the impact on the program. Along with the written notification and proposed substitutes, the Contractor shall submit a full resume of the proposed replacement personnel. No diversion from the above procedure shall be made by the Contractor without the written consent of the Contracting Officer; provided that the Contracting Officer may ratify in writing such diversion and such ratification shall constitute the consent of the Contracting Officer required by this clause.

Staff stability is a key requirement of the Government for an SI contractor. The Government will require key man agreements with respect to the project manager and all key personnel as stated above.

H-24 Conflict of Interest

The Contractor understands the Sponsor will not consider it, its successors or assigns (hereinafter referred to as the "Contractor"), as a source of supply for any hardware software or components directly related to work under this contract. The Contractor will not be solicited for proposals for such systems or software or components thereof or such training requirements. The Contractor agrees that it will not offer to sell to the Sponsor either as a prime contractor or as a subcontractor, any hardware, software or components thereof. This agreement by the Contractor not to offer to

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sell is extended to training requirements developed hereunder for such hardware, software or components.

In the event the Contractor should receive a solicitation for any hardware, software, or components thereof, it will return such solicitation to the soliciting activity with an explanation of its failure to bid citing this clause of this contract. The effective period of the above restrictions is from the effective date of this contract through 30 September 1990.

The prohibitions imposed by the above two paragraphs may be waived by the Government.

The Contractor further understands that if the work to be performed under this contract requires access to proprietary data of other companies, the Contractor must enter into agreements with such other companies which set forth procedures deemed adequate by those companies to protect such data from unauthorized use or disclosure so long as it remains proprietary. Further, the Contractor agrees that it will not utilize the data obtained from such other companies in performing additional studies for the Sponsor.

The Contractor further agrees that no employee of the Contractor will be permitted to perform any work under this contract if they, their spouse or minor child or any member of their household have any direct or indirect financial interest in any company offering to sell hardware, software or components directly related to work under this contract.

H-25. 52.252-2. Clauses Incorporated by Reference (APR 1984)

(A) This contract incorporates the following clauses by reference, with the same full force and effect as if they were given full text. Upon request, the Contracting Officer will make this text available.

<u>Clause No.</u>	<u>Title</u>
52.244-2	<u>Subcontract Under Cost-Reimbursement and Letter Contracts (APR 1984)</u>