

GENERAL TERMS & CONDITIONS
Commercial Items (CI OCTOBER 2018)

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1. DEFINITIONS [OCT 2018]

The following terms shall have the meanings below:

(a) Government means the United States of America and includes the U. S. Department of Energy (DOE), the National Nuclear Security Administration (NNSA), or any duly authorized representative thereof.

(b) Company means Consolidated Nuclear Security, LLC acting under Contract No. DE-NA0001942.

(c) Seller means Contractor, Subcontractor, Supplier, or Vendor, which can be either a person or organization that has entered into this Agreement with the Company.

(d) Agreement means Purchase Order, Subcontract, Price Agreement, AVID Agreement, Basic Ordering Agreement, or Modification thereof.

(e) Article or Clause is the numbered paragraph of General Terms & Conditions.

(f) Procurement Representative means Subcontract Administrator, Buyer, Procurement Specialist, or Contract Specialist acting within the limits of a written authority to enter into, administer, and/or terminate Agreements and make related determinations and findings on behalf of the Company.

(g) Subcontract Technical Representative means the duly authorized Company representative who provides technical direction for performance of the work under this Agreement.

(h) On-site work means work in furtherance of this Agreement at a DOE-owned or –leased area or Company-owned or –leased area.

(i) Educational Institution means an entity of the type subject to 2 CFR 220.

(j) “FAR” means the Federal Acquisition Regulations including all amendments and changes thereto in effect on the effective date of this Agreement.

(k) “DEAR” means the DOE Acquisition Regulations, including all amendments and changes thereto in effect on the effective date of this Agreement.

(l) "U.S.C." means the United States Code.

(m) "Commercial Item/Service" or "Commercial Component" means the same as the definitions for these terms set forth at FAR 2.101.

(n) "Pantex" means the Pantex Plant in Amarillo, TX managed and operated by Company.

(o) "Y-12" means The Y-12 National Security Complex in Oak Ridge, TN managed and operated by Company.

(p) "Ref." means the Article is based with variations on the cited regulation.

2. ORDER OF PRECEDENCE [OCT 2017]

Any inconsistencies shall be resolved in accordance with the following descending order of precedence in Agreement documents:

(a) The Schedule (excluding Sections C and G);

(b) Schedule Section G:

(1) Negotiated Alterations or Special Provisions;

(2) General Terms and Conditions;

(3) Clauses Incorporated by Reference;

(4) Supplemental Conditions;

(c) Specifications or Statement of Work, or other description of services or supplies (Section C); and

(d) Drawings.

3. AGREEMENT FOR BENEFIT OF DOE [OCT 2017]

(a) Funding – Company shall make all payments under this Agreement from Government funds advanced and agreed to be advanced by DOE, and not from its own funds. In almost all circumstances, funds recovered by Company from Seller are Government funds.

(b) Administration – Administration of this Agreement may be transferred, in whole or in part, to DOE or its designee(s), and to the extent of such transfer and notice thereof to Seller, Company shall have no further responsibilities hereunder.

(c) Company Right to Recovery – The Company, a Managing and Operating Contractor, acting under its Prime Contract with DOE, has entered into this Agreement with Seller for the benefit of DOE. If Company seeks recovery from Seller, Seller agrees it shall not plead, assert or raise in any manner a defense that Company has no right to recover (1) because the Company itself, rather than DOE/NNSA, has suffered no damages on account of the cost-reimbursable nature of Company's Prime Contract with DOE, or (2) because DOE has accepted the project or task performed under this Agreement.

4. ACCEPTANCE OF TERMS AND CONDITIONS [OCT 2017]

(a) Seller, by signing this Agreement, delivering the supplies, or performing the requirements indicated herein, agrees to comply with all the terms and conditions and all specifications and other documents that this Agreement incorporates by reference or attachment. Company hereby objects to any terms and conditions contained in any acknowledgment of this Agreement that are different from or in addition to those mentioned in this Agreement.

(b) Failure of Company to enforce any of the provisions of this Agreement shall not be construed as (1) evidence to interpret the requirements of this Agreement, (2) a waiver of any requirement, or (3) a waiver of the right of Company to enforce each and every provision. In accordance with Tennessee Code, Section 47-50-112(c), no waiver of any provision or part thereof of this Agreement shall be valid unless such waiver is in a writing signed by the Procurement Representative. Any waiver shall be strictly construed and shall apply on a one-time basis unless expressly stated to apply otherwise. All rights and obligations shall survive final performance of this Agreement.

5. COOPERATING WITH DOE OFFICE OF INSPECTOR GENERAL [OCT 2017]

(a) Seller shall cooperate fully and promptly with requests from the DOE Office of Inspector General (OIG) for information and data relating to DOE programs and operations. The Seller must ensure that its employees (i) comply with requests by the OIG for interviews and briefings and provide affidavits or sworn statements, if so requested by an employee of the OIG so designated to take affidavits or sworn statements, and (ii) not impede or hinder another employee's cooperation with the OIG.

(b) Seller must ensure that reprisals are not taken against employees who cooperate with or disclose information to the OIG.

6. REPORTING WASTE, FRAUD, AND ABUSE [OCT 2017]

(a) General Requirements - Seller shall ensure its employees having information about actual or suspected violations of laws, regulations, or policies including fraud, waste, abuse, misuse, corruption, criminal acts, or mismanagement relating to DOE programs, operations, facilities, contracts, or information technology systems notify an appropriate authority. Examples of violations to be reported include, but are not limited to, allegations of false statements; false claims; bribery; kickbacks; fraud; environmental, safety, and health violations; theft, computer crimes; subcontractor mischarging; conflicts of interest; and conspiracy to commit any of these acts. Seller must ensure that its employees are aware that its employees are required to report actual or suspected violations. Reporting can be as follows: Y-12 Ethics Hotline; phone 865 576-1900; fax 865 574-9656; Pantex 806-477-6777; Fax 806-477-3005; Office of Inspector General; 1-800-541-1625 (M-F 8:00AM – 4PM EST).

(b) Seller Specific Requirements - Seller shall inform its employees annually of their duty to report allegations of information described in General Requirements above; display the OIG hotline telephone number in buildings and common areas under its responsibility such as cafeterias, public telephone areas, official bulletin boards, reception rooms, and building lobbies; publish the OIG hotline telephone number in telephone books, newsletters, or other means of widespread communication to employees under its responsibility; Seller and its employees shall report to the OIG within a reasonable period of time, but not later than 24 hours after discovery of any alleged violations; shall not take any reprisal action against an employee for reporting actual or suspected violations to the OIG.

(c) Flowdown - This Article shall flowdown to all lower-tier subcontractors.

7. COMPLIANCE WITH LAWS [OCT 2017]

(a) In performing work under this Agreement, the Seller shall comply with the requirements of applicable Federal, State, and local laws and regulations, unless relief has been granted in writing by the appropriate regulatory agency.

(b) Except as otherwise directed by the Company, the Seller shall procure all necessary permits or licenses required for the performance of work under this Agreement.

(c) Regardless of the performer of the work, the Seller is responsible for compliance with the requirements of this clause. The Seller is responsible for flowing down the requirements of this clause to subcontracts at any tier to the extent necessary to ensure the Seller's compliance with the requirements.

8. PUBLIC RELEASE OF INFORMATION [OCT 2017]

(a) Seller shall not publicly disclose information concerning any aspect of the materials or services relating to this Agreement without the prior written approval of the Procurement Representative unless specifically required by law.

(b) The interest of the Company in this Agreement may not be used in advertising or publicity without advance written approval of the Company.

(c) Flowdown - This Article shall flowdown to all appropriate lower-tier subcontracts.

9. CONFIDENTIALITY OF INFORMATION [OCT 2017]

(a) To the extent that work under this Agreement requires that Seller be given access to confidential or proprietary business, technical, or financial information belonging to the Government, the Company, or other parties, Seller shall after receipt thereof, treat such information as confidential and agrees not to appropriate such information to its own use or to disclose such information to third parties unless specifically authorized by Company in writing. The foregoing obligations, however, shall not apply to (1) information which, at the time of receipt by Seller is in public domain; (2) information which is published after receipt thereof by Seller or otherwise becomes part of the public domain through no fault of Seller; (3) information which Seller can demonstrate was in its possession at time of receipt thereof and was not acquired directly or indirectly from Government or Company; (4) information which Seller can demonstrate was received by it from a third party who did not require Seller to hold it in confidence.

(b) Seller shall obtain written Agreement, in a form satisfactory to Company, of each employee permitted access, whereby the employee agrees that he will not discuss, divulge or disclose any such information or data to any person or entity except those persons within Seller's organization directly concerned with performance of this Agreement.

(c) Seller agrees, if requested by Company or DOE, to sign an Agreement identical, in all material respects, to the provisions of this clause, with each company supplying information to Seller under this Agreement, and to supply a copy of such Agreement to Company.

(d) Seller agrees that upon request by Company or DOE, it will execute a DOE-approved Agreement with any party whose facilities or proprietary data it is given access to or is furnished, restricting use and disclosure of the data or the information obtained from the facilities. Upon request by Company or DOE, such an Agreement shall also be signed by Seller's personnel.

(e) Flowdown - This Article shall flowdown to all appropriate lower-tier subcontracts.

10. DOE SECURITY BADGES AND CLEARANCE REQUIREMENTS (Y-12) [OCT 2017]

(a) Security badges issued by the Company to Seller employees and Seller's lower-tier subcontractor employees are Government property. The Seller must ensure that badges issued to its employees and employees of its subcontractors at all tiers are returned to the Company. Employees must return badges upon expiration of this Agreement, termination of employment, or when access to the Y-12 National Security Complex is no longer needed. Employees holding an L or Q clearance must attend a security termination debriefing conducted by the Company when returning badges. When possible, the Seller must notify the STR three workdays before an employee holding an L or Q clearance will be returning a badge so that debriefings may be scheduled. However, in all cases, the Personnel Security Clearance Office should be notified by the Seller within one working day of a termination of employment or need for access to the Complex if the employee holds an L or Q clearance in order to provide notification to DOE/NNSA within two business days. DOE/NNSA directives require the termination of an employee security clearance within two business days of termination of employment or need for access to the Complex.

(b) The Seller must immediately notify the Procurement Representative in writing when a badge of its employee or the employee of a lower-tier subcontractor is lost or stolen. These employees must report in person to the Visitor Center Badging Office (or contact PSS after hours/weekends) to complete an affidavit concerning the loss or theft and to obtain replacement badges.

(c) The Seller must immediately notify the Procurement Representative in writing whenever any employee of Seller or a lower-tier subcontractor who has been badged or holds a security clearance under this Agreement terminates employment or no longer needs access to the Complex.

(d) The Seller must ensure that its employees and its lower-tier subcontractors' employees complete the *Subcontractor Personnel Exit Checklist*, Form UCN- 4452S, before exiting the site. The employee must take the completed Checklist and badge to the Y-12 Visitor Center badging office. If the Y-12 Visitor Center is closed (hours of operation are Monday-Thursday 6:00 a.m. to 4:30 p.m.) the employee may leave the Checklist and badge with the STR. (In such cases alternate debriefing arrangements will be made for employees holding an L or Q clearance.) The Checklist, signed by the STR or an authorized representative of Personnel Security, is acceptable proof to the Company that a badge has been returned.

(e) Seller's payment may be withheld until all requirements of this clause have been met. Failure by employees of the Seller and its lower-tier subcontractors to promptly return badges will result in a charge of \$1,000 per badge, to be withheld from payment or billed to the Seller. In addition, failure to return a badge may result in the denial of future access to the Y-12 site for the individual. This \$1,000 charge will not be assessed against badges that are lost or stolen during performance if replacement badges are issued to allow Seller or lower-tier subcontractor employees to return to work.

(f) On the last Thursday of each month, the Seller shall submit to the Company the Subcontract Badge/Clearance Status Report (UCN-21709). The Seller must ensure that all security badges issued to its employees and employees of its subcontractors at all tiers are recorded monthly.

11. WORKPLACE SUBSTANCE ABUSE PROGRAM (WSAP) [OCT 2017]

(a) Applies to -- This clause applies to subcontracts \$25,000 or greater and which involve: (1) access to or handling of classified information or special nuclear materials; (2) high risk of danger to life, the environment, public health and safety, or national security; (3) transportation of hazardous materials to or from a DOE site, (4) employees who are required to have L or Q clearances to perform work under this Agreement, or (5) on-site construction activities.

(b) WSAP Covered Work -- For purposes of this clause, "WSAP covered work" means both on-site work, and work that is not on-site but that is performed by subcontractor employees with Q or L clearances at facilities that have Limited Areas (security areas designated by DOE for the protection of classified matter). Facilities that are not DOE-owned or -leased or Company-owned or -leased but that have Limited Areas within them are known as "possessing facilities."

(c) Sub-tier contractors to Seller -- Seller shall include this requirement in its subcontracts with applicable lower tier subcontractors, and will require those subcontractors to include this requirement in their subcontracts, if the applicability standards listed in the "Applies to" section above are met. References to "Seller" include all lower tier subcontractors falling within the "Applies to" criteria listed in subparagraph (a) above.

(d) Company approval of Seller Program

(1) All work falling within the "Applies to" criteria above is subject to 10 CFR 707, "Workplace Substance Abuse Programs at DOE Sites." This clause highlights certain provisions of 10 CFR Part 707, but Seller is directed to the entire provision to ensure compliance. The Seller shall develop and implement a workplace substance abuse program that complies with the requirements of 10 CFR Part 707. In accordance with 10 CFR 707.5(d), Seller's WSAP requires Company approval. Seller's proposed WSAP must be submitted to the Procurement Representative and approved before the start of work.

(2) Seller shall also submit applicable lower-tier subcontractor WSAPs for Company approval. Seller may either include employees of some or all subcontractors in its WSAP, or include this clause in subcontracts for WSAP covered work and require subcontractors to submit WSAPs for Company approval.

(e) General Workplace Substance Abuse Program Requirements.

(1) Seller's WSAP shall be consistent with the baseline elements in 10 CFR Part 707 and the guidelines of the U.S. Department of Health and Human Services found at: <http://www.samhsa.gov/>.

(2) For all WSAP covered work, Seller's WSAP must provide for pre-employment testing for illegal drugs before final selection of applicants for employment, regardless of whether such applicants will fill testing designated positions (TDPs) as described in subparagraph (f) below. Pre-employment testing must comply with all applicable provisions of 10 CFR 707.

(3) Seller must notify the Procurement Representative in writing as soon as possible, or at the latest by the next business day, after Seller receives notice -

- of an employee's conviction under a criminal drug statute, or
- for employees in TDPs (defined below), of a drug related arrest or conviction or a receipt of a positive drug test result.

(4) Seller shall maintain files of chain-of-custody records required by 10 CFR 707.12(a) and 10 CFR 707.16(d) and submit copies to Company upon request. Seller and lower-tier subcontractors shall require that laboratory records relating to positive drug test results be maintained in the manner and for the periods required by 10 CFR 707.16(c).

(5) Seller shall use only drug-testing laboratories certified by the Department of Health and Human Services under Subpart C of the HHS "Mandatory Guidelines for Federal Workplace Drug Testing Programs." [See 10 CFR 707.12(a)]. The HHS Mandatory Guidelines are available at <http://www.samhsa.gov/>. Seller shall provide a copy of the certification to the Procurement Representative upon request. Seller shall retain pre-employment testing records in accordance with 10 CFR 707.16. When an applicant has been tested and determined to have used an illegal drug, Seller must terminate processing for employment and so notify the applicant.

(6) As required by 10 CFR 707.5(d), Company will monitor Seller's implementation of its program for effectiveness and compliance with 10 CFR Part 707. Seller shall submit a written report, if appropriate, to the Procurement Representative of drug tests completed before mobilization or commencing authorized work. At Company's request, Seller shall submit additional reports of tests completed during performance.

(7) Company will require Seller to remove from WSAP covered work any Seller employee who is determined to have used an illegal drug.

(f) Testing Designated Positions.

(1) In addition to the general WSAP provisions, Seller shall determine if it has employees in TDPs as defined below and performing WSAP covered work. If Seller has no TDPs (potentially the case for uncleared construction subcontractors employees not possessing a Facility Clearance) the WSAP shall so state. If Seller has employees in TDPs performing WSAP covered work, then prior to beginning work under this Agreement, Seller shall provide the Procurement Representative with a list of all TDP employees, and Seller's WSAP must comply with the provisions of 10 CFR Part 707 regarding TDPs. Thereafter, Seller shall notify the STR of any additions or deletions of employees in TDPs within 48 hours.

(2) TDPs are defined as those positions involving certain high risk work listed in Part 707, access to classified information, construction, and crane operators, and any positions filled by employees holding an L- or Q-clearance.

(3) Seller's employees in TDPs who perform on-site will be subjected to the following drug testing by Company:

(i) Random drug testing at the rates specified in 10 CFR 707.7,

(ii) Drug testing as a result of an occurrence (see 10 CFR 707.9), and

(iii) Drug testing for reasonable suspicion of illegal drug use (see 10 CFR 707.10).

(4) Seller's employees performing on-site work shall be placed in Company's pool of employees for random drug testing, and these employees will be subject to testing by Company's Occupational Health Services (OHS). Seller's employee will be notified by Company's representative when Seller's employee is selected for random drug testing. Company's representative will notify Company's OHS when Seller's employee has been notified of his/her duty to report to Company's OHS. Upon notification by Company's representative, Seller's employee will have one and one-half hours to report to Company's OHS.

(g) Seller's failure to comply with the requirements of 10 CFR Part 707 or to perform in a manner consistent with its approved WSAP may render Seller subject to suspension of payments, termination for default, suspension and debarment, and any other remedies available to Company and/or to DOE.

(h) If Seller believes that an anticipated lower tier subcontract for on-site work may require a WSAP that complies with 10 CFR 707, then Seller must notify the Procurement Representative not later than ten calendar days before Seller awards that subcontract.

12. DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS [OCT 2017]

This is a rated order certified for national defense, and Seller shall follow all the requirements of the Defense Priorities and Allocations System regulation (15 CFR 700). Unless otherwise stated the Defense Priority is DO-E2.

13. PAYMENT [OCT 2018]

(a) Unless otherwise provided, terms of payment shall be net 30 calendar days from the latter of (1) receipt of Seller's proper invoice, if required (unless such invoice is not approved), or (2) delivery of items/completion of work if invoice is not required. Any offered discount shall be taken if payment is made within the discount period that Seller indicates. Payments may be made either by check or electronic funds transfer, at the option of Company. Payment shall be deemed to have been made as of the date of mailing or the date on which an electronic funds transfer was made.

(b) (1) Payments for commercial services (time and materials) or labor hours. Payments shall be made for commercial services accepted by the Company. Invoices submitted by Seller shall include the hourly rate and the number of direct labor hours performed. If requested by the Procurement Representative, invoices shall be substantiated by timecard records. Fractional parts of an hour shall be payable on a prorata basis. If the Seller furnishes materials, the price to be paid for such materials shall be the Seller's established catalog price or Seller's actual cost, where no catalog price is available. Seller shall obtain materials at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials. The Company will not be obligated to pay the Seller any amount in excess of the ceiling price of the Agreement.

(2) Access to Records. FAR 52.212-4 ALT I (May 2014), paragraph (i)(4) is incorporated by reference in time and materials and labor hour subcontracts, wherein “Contracting Officer” means “Procurement Representative” and “Contractor” means “Seller.”

(c) Final Invoice. If an invoice is required under the terms of this subcontract, a final invoice shall be submitted for payment no more than 90 calendar days following the expiration or termination of the subcontract, unless a later or alternate date is agreed to in writing by the Procurement Representative. Said invoices shall be clearly marked “Final Invoice”, thus indicating that all payment obligations of the Company under this subcontract have ceased and that no further payments are due or outstanding. If Seller fails to submit a final invoice within the time allowed, the Procurement Representative shall determine the final amount owed to the Seller, if any, or the final amount owed by the Seller to the Company. Such determination shall be final and conclusive between the parties without the right of judicial review unless the Seller submits a Claim requesting a Director, Procurement Operations and Business Management Final Decision under the Resolution of Disputes clause within 60 calendar days after receipt of the Procurement Representative’s determination.

(d) For items subject to inspection or testing as a condition of acceptance, Company may in its sole discretion pay invoices prior to acceptance subject to repayment if the items are not accepted. The payment for items, either wholly or in part, shall not be deemed or construed as acceptance.

14. TRAVEL REIMBURSEMENT [OCT 2017]

If travel is a line item of the Agreement, the Seller will be reimbursed for travel expenses in accordance with the Company “Travel Reimbursement Policy” clause, which is incorporated by reference, up to the amount allowed by the clause or any ceiling amount specified in the line item of the Agreement, whichever is less.

15. TAXES – FIXED-PRICE, FEDERAL, STATE AND LOCAL TAXES [OCT 2017]

(a) Definitions. As used throughout this clause, the following terms shall have the meaning set forth below:

(1) The term “direct tax” means any tax or duty directly applicable to the completed supplies or services covered by this subcontract, or any other tax or duty from which the Seller or this transaction is exempt. It includes any tax or duty directly applicable to the importation, production, processing, manufacture, construction, sale, or use of such supplies or services; it also includes any tax levied on, with respect to, or measured by sales, receipt from sales, or use of the supplies or services covered by this subcontract. The term does not include transportation taxes, unemployment compensation taxes, social security taxes, income taxes, excess-profits taxes, capital stock taxes, property taxes, and such other taxes as are not within the definition of the term “direct tax” as set forth above in this paragraph.

(2) The term “subcontract date” means the effective date of this subcontract if it is a negotiated subcontract, or the date set for the opening of bids if it is a subcontract entered into as a result of sealed bidding.

(b) Federal Taxes. Except as may be otherwise provided in this subcontract, the subcontract price includes all applicable Federal taxes in effect on the subcontract date.

(c) State or Local Taxes. Except as may be otherwise provided in this subcontract, the subcontract price does not include any State or local direct tax in effect on the subcontract date. For subcontractors providing and installing tangible personal property, which becomes part of real property, the subcontract price should include all state and local direct taxes on such installed tangible personal property.

(d) Evidence of Exemption. The Company agrees, upon request of the Seller, to furnish a tax exemption certificate or other similar evidence of exemption with respect to any direct tax not included in the subcontract price pursuant to this clause; and the Seller agrees, in the event of the refusal of the applicable taxing authority to accept such evidence of exemption, (1) promptly to notify the Company of such refusal, (2) to cause the tax in question to be paid in such manner as to preserve all rights to refund thereof, and (3) if so directed by the Company to take all necessary action, in cooperation with and for the benefit of Government, to secure a refund of such tax (in which event the Company agrees to reimburse the Seller for any and all reasonable expenses incurred at its direction)

(e) Price Adjustment. If, after the subcontract date, the Federal Government or any State or local Government either (1) imposes or increases (or removes an exemption with respect to) any direct tax, or any tax directly applicable to the materials or components used in the manufacture of furnishing of the completed supplies or services covered by this subcontract, or (2) refuses to accept the evidence of exemption, furnished under paragraph (d) hereof, with respect to any direct tax excluded from the subcontract price, and if under either (1) or (2) the Seller is obliged to and does pay or bear the burden of any such tax (and does not secure a refund thereof), the subcontract price shall be correspondingly increased. If, after the subcontract date, the Seller is relieved in whole or in part from the payment or the burden of any direct tax included in the subcontract price, or any tax directly applicable to the materials or components used in the manufacture or furnishing of the completed supplies or services covered by this subcontract, the Seller agrees promptly to notify the Company of such relief, and the subcontract price shall be correspondingly decreased or the amount of such relief paid over to the Company for the benefit of the Government. Invoices or vouchers covering any increase or decrease in the subcontract price pursuant to the provisions of this paragraph shall state the amount thereof, as a separate added or deducted item, and shall identify the particular tax imposed, increased, eliminated, or decreased.

(f) Refund or Drawback. If any tax or duty has been included in the subcontract price or the price as adjusted under paragraph (e) of this clause, and if the Seller is entitled to a refund or drawback by reason of the export or re-export of supplies covered by this subcontract, or of materials or components used in the manufacture or furnishing of the completed supplies or services covered by this subcontract, the Seller agrees that he will promptly notify the Company thereof and that the amount of any such refund or drawback obtained will be paid over to the Company for the benefit of the Government or credited against amounts due from the Company under this subcontract: Provided, however, That the Seller shall not be required to apply for such refund or drawback unless so requested by the Company.

16. ASSIGNMENT [OCT 2017]

(a) Except as provided in (b), Seller shall not assign rights or obligations to third parties without the prior written consent of the Procurement Representative. Seller shall submit the documentation prescribed at FAR 42.1200 when requesting Company acceptance of Seller's successor in interest or to recognize Seller's change of name.

(b) Seller may assign rights to be paid amounts due or to become due to a bank, trust company, or other financing institution, including a Federal lending agency, if the Procurement Representative is promptly furnished written notice and a signed copy of such assignment.

17. AUTHORIZATION AND CONSENT (Ref. FAR 52.227-1) [OCT 2017]

(a) The Government authorizes and consents to all use and manufacture, in performing this Agreement or any subcontract at any tier, of any invention described in and covered by a United States patent (1) embodied in the structure or composition of any Article the delivery of which is accepted by the Company under this Agreement or (2) used in machinery, tools, or methods whose use necessarily results from compliance by the Seller or a subcontractor with (i) specifications or written provisions forming a part of this Agreement or (ii) specific written instructions given by the Company directing the manner of performance. The entire liability to the Government or the Company for infringement of a patent of the United States shall be determined solely by the provisions of the indemnity clause, if any, included in this Agreement or any subcontract hereunder (including any lower-tier subcontract), and the Government assumes liability for all other infringement to the extent of the authorization and consent herein above granted.

(b) The Seller shall include the substance of this clause, including this paragraph (b), in all subcontracts that are expected to exceed the simplified acquisition threshold. However, omission of this clause from any subcontract, including those at or below the simplified acquisition threshold, does not affect this authorization and consent.

18. PATENT INDEMNITY [OCT 2017]

(a) The Seller shall indemnify the Company and the Government and their officers, agents, and employees against liability, including costs, for infringement of any United States patent (except a patent issued upon an application that is now or may hereafter be withheld from issue pursuant to a Secrecy Order under 35 U.S.C. 181) arising out of the manufacture or delivery of supplies, the performance of services, or the construction, alteration, modification, or repair of real property (hereinafter referred to as "construction work") under this Agreement, or out of the use or disposal by or for the account of the Company or the Government of such supplies or construction work.

(b) This indemnity shall not apply unless the Seller shall have been informed as soon as practicable by the Company or Government of the suit or action alleging such infringement and shall have been given such opportunity as is afforded by applicable laws, rules, or regulations to participate in its defense. Further, this indemnity shall not apply to—

(1) An infringement resulting from compliance with specific written instructions of the Company directing a change in the supplies to be delivered or in the materials or equipment to be used, or directing a manner of performance of the Agreement not normally used by the Seller;

(2) An infringement resulting from addition to or change in supplies or components furnished or construction work performed that was made subsequent to delivery or performance; or

(3) A claimed infringement that is unreasonably settled without the consent of the Seller, unless required by final decree of a court of competent jurisdiction.

19. RESOLUTION OF DISPUTES [OCT 2018]

(a) Seller and Company agree to make good-faith efforts to settle any dispute or Claim that arises under this Agreement through discussion and negotiation. If such efforts fail to result in a mutually agreeable resolution, the parties shall consider the use of Alternative Dispute Resolution (ADR). Whether meditation or binding arbitration is voluntarily agreed to or court ordered, the site of the proceedings shall be Oak Ridge, Tennessee (for Agreements related to Y-12) or Amarillo, TX (for Agreements related to Pantex); the parties shall share the cost of obtaining the mediator or arbiter, and each party shall bear its discretionary costs.

(b) "Claim," as used in this Article, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of Agreement terms, or other relief arising from or relating to this Agreement, or its breach. However, a written demand or written assertion by Seller seeking the payment

of money is not a Claim until certified, if certification is required by paragraph (d) below. A request for payment (e.g., a voucher, invoice, or other routine request for payment, a termination settlement proposal, or a request for an adjustment or equitable adjustment) that is not in dispute when submitted is not a Claim. An initially undisputed request for payment may be converted to a Claim by the Seller by complying with the submission and applicable certification requirements in paragraphs (c) and (d) below.

(c) A Claim by the Seller shall be made in writing, cite this clause, and be submitted to the Company's Director, Procurement Operations and Business Management with a request for a Final Decision.

(d) Seller and any lower-tier subcontractors whose portion of the Claim exceeds \$50,000 shall certify its portion of the Claim; provided however, if Seller cannot certify the lower-tier subcontractor's portion of Seller's Claim, Seller shall explain in writing why it cannot certify that portion.

(i) The Company shall not be liable for, and shall not pay, any Claim originated by the Seller if that Claim exceeds \$50,000 unless Seller's Claim is accompanied by the below certification from the Seller.

(ii) The Company shall not be liable for, and shall not pay, any Claim of a lower-tier subcontractor to Seller if that Claim, without mark-ups by a higher-tier subcontractor or Seller, exceeds \$50,000 unless that Claim is accompanied by the below certification from the lower-tier subcontractor that originated the Claim.

(iii) The aggregate amount of both increased and decreased costs shall be used in determining when the dollar threshold requiring certification is met.

(iv) If Seller certified its costs under the Adjustments clause, Seller is not required to certify under this Article as a Claim, unless Seller certified more than 180 calendar days before Seller submits its Claim or the Claim amount exceeds the prior certified amount by more than \$50,000.

CERTIFICATION

I acknowledge the expectation that any payment by the Company for this requested contract adjustment will be reimbursed by funds of the Federal Government, and, under penalty of law, I certify that this Claim request is made in good faith, that the supporting data are accurate and complete to the best of my knowledge and belief, that the amount requested accurately reflects the contract adjustment for which the Seller and I believe the Company is liable, and that I am duly authorized to certify the request on behalf of [the Seller or lower-tier subcontractor, as appropriate].

(e) (1) A Claim from Seller shall be deemed denied if the Director, Procurement Operations and Business Management does not issue a written Final Decision (i) by the date the Director, Procurement Operations and Business Management notified Seller that the decision would be issued, or (ii) within 60 calendar days after receipt of the Claim if the Director, Procurement Operations and Business Management did not notify Seller of a date by which the Final Decision would be issued. The Director, Procurement Operations and Business Management may, but is not required to issue a written Final Decision after a Claim is deemed denied.

(2) The Director, Procurement Operations and Business Management's written Final Decision on any Seller Claim shall be final and conclusive between the parties with no right of judicial review, provided however, that the Final Decision shall not be final and binding against either party, and shall be given no evidentiary weight by the trier of fact, if the Seller files suit within 90 calendar days of the written Final Decision in the appropriate court as provided for in paragraph (f) below.

(3) Seller shall have no right to file suit prior to the date of the written Final Decision or 60 calendar days from the Director, Procurement Operations and Business Management's receipt of the Claim, whichever occurs earlier.

(f) (1) State Agency. Where Seller is a State agency, such as an Educational Institution, the applicable constitutional provisions or statutes that govern sovereign immunity shall dictate the appropriate forum and law governing substantive issues.

(2) Seller not a State Agency. (a) Any litigation for an Agreement related to the Y-12 site shall be brought and prosecuted exclusively in Federal District Court, with venue in the United States Court for the Eastern District of Tennessee, Northern Division; any litigation for an Agreement related to the Pantex site shall be brought and prosecuted exclusively in the United States District Court for the Northern District of Texas, Amarillo Division.

(b) In the event the requirements for jurisdiction in Federal District Court are not present, such litigation (if for an Agreement related to Y-12 site) shall be brought in either Anderson, Knox, or Roane County, Tennessee, in the Circuit or Chancery Court, as appropriate. In the event requirements for jurisdiction in Federal District Court are not present for an Agreement related to the Pantex site, such litigation shall be brought in Carson County, TX or, in the event that such court lacks jurisdiction, in the highest trial court in the state of Texas having jurisdiction.

(3) THE PARTIES AGREE TO TRIAL BY JUDGE ALONE AND HEREBY WAIVE ANY RIGHT TO DEMAND A TRIAL BY JURY.

(4) If a court awards interest of any kind, interest shall be simple interest at the applicable rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (Public Law 95-563). If a court awards prejudgment interest, interest shall accrue from no earlier than the date a Claim is received by the Director, Procurement Operations and Business Management.

(g) Subject to (f)(1), the resolution, of all issues arising from or relating to this Agreement shall be governed to the maximum extent practicable by the common law of federal contracts; provided, however, that (i) the "Christian Doctrine" shall not apply, meaning that federal procurement clauses (e.g., the FAR, including agency supplements) or portions thereof not appearing in this

Agreement shall not be read into this Agreement, and (ii) where the language of any clause, provision or term herein differs from the language of a federal procurement clause, provision or term, the differing language of this Agreement shall control. Where the common law of federal contracts does not apply, then subject to (f)(1), resolution shall be governed by the laws of the State of Tennessee, without regard to the Conflicts of Laws rules.

(h) There shall be no interruption in the performance of the work, and Seller shall proceed diligently with the performance of this Agreement pending final resolution of any dispute arising under or related to this Agreement between the parties or between Seller and its subtier subcontractors.

(i) The contractual remedies in this Article shall not be deemed to waive, postpone the running of, extend, or otherwise affect any statute of limitation applicable to any request for payment or Claim.

20. CHANGES [OCT 2017]

(a) The Procurement Representative may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this Agreement in any one or more of the following:

(1) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the Company in accordance with the drawings, designs, or specifications.

(2) Method of shipment or packing.

(3) Place of delivery of supplies.

(4) Description of services to be performed.

(5) Time of performance of the services (*i.e.*, hours of the day, days of the week, etc.).

(6) Place of performance of the services.

(b) If any such change causes a difference in the cost, or the time required for performance, the Company shall, subject to the submission requirement in paragraph (d), make an equitable adjustment in the price, delivery/performance schedule, or both, and modify the Agreement in writing. If Seller's proposal includes the cost of property made obsolete or excess by the change, the Company has the right to prescribe the manner of disposition of the property.

(c) Only the Procurement Representative is authorized on behalf of the Company to issue a change, which must be in writing and clearly designated as a change order. If Seller considers that any oral direction or instruction by any Company personnel (including the Procurement Representative) constitutes a change, or if Seller considers that any written direction or instruction by any Company personnel (other than a designated change order issued by the Procurement Representative) constitutes a change, Seller shall not rely upon such direction or instruction and shall not be eligible for an equitable adjustment arising there from, without prior written confirmation from the Procurement Representative directing Seller to perform as stated in the direction or instruction. If such written confirmation from the Procurement Representative to perform also confirms the direction or instruction to be a change, the confirmation shall be deemed a change order for purposes of paragraph (d). If, however, such written confirmation from the Procurement Representative to perform does not confirm the direction or instruction to be a change, any request by Seller for an equitable adjustment arising from such direction or instruction shall comply with paragraph (e).

(d) If the Procurement Representative issues a change order, any request for equitable adjustment by Seller must be submitted in writing to the Procurement Representative within 30 calendar days of receiving the Company's change order. If the request is not submitted within such time, the request shall be late and may be denied by the Procurement Representative whether or not the Company is prejudiced by the late request. If the Company, in its sole discretion, decides to act upon a particular late request submitted prior to final payment, such action shall not constitute or be deemed to be a waiver of this submission requirement with regards to any other late request, nor shall such action be considered in any way in interpreting this provision as a course of dealing or in any other manner.

(e)(1) If the Procurement Representative has not issued a written change order but the Seller considers a change to this Agreement has occurred because, for example: (i) the Company did not satisfy one of its expressed or implied duties under the Agreement, or (ii) the Procurement Representative did not provide written confirmation that a change occurred in response to Seller's request for confirmation as provided for in paragraph (c), then as a condition precedent for entitlement to an equitable adjustment, Seller shall notify the Procurement Representative, in writing, that a change has occurred for which Seller intends to seek an equitable adjustment and identify: (i) date, nature and circumstances regarding the change, (ii) name of each person knowledgeable about the change, (iii) documents and substance of oral communications involving the change, and (iv) the particular elements of performance impacted by the change, including (a) adjustment in labor and/or materials, (b) delay or disruption caused, (c) estimated resulting price and schedule adjustments and (d) time by which Company must respond to minimize cost, delay, or disruption to performance of the work.

(2) In no event shall Seller recover any costs caused by the change incurred prior to 14 calendar days before Seller gives such written notice.

(3) Any request for equitable adjustment by Seller must be submitted in writing to the Procurement Representative no later than 30 calendar days after Seller gives the written notice specified in subparagraph (e)(1). If the request is not submitted within such time, the request shall be late and may be denied by the Procurement Representative whether or not the Company is prejudiced by the late request. If the Company, in its sole discretion, decides to act upon a particular late request submitted prior to final payment, such action shall not constitute or be deemed to be a waiver of this submission requirement with regards to any

other late request, nor shall such action be considered in any way in interpreting this provision as a course of dealing or in any other manner.

(f) Nothing in this clause, including any disagreement with Company about an equitable adjustment, shall excuse Seller from proceeding with the Agreement as changed.

21. INSPECTION/ACCEPTANCE [OCT 2017]

(a) Unless otherwise specified in this Agreement, Seller shall be responsible for all quality assurance measures necessary to ensure that only items and services conforming to the requirements of this Agreement are tendered to Procurement Representative for acceptance. This shall include such testing, in process inspections and other verification measures as are customary in the industry to ensure that parts, components, and materials furnished by suppliers of the Seller and incorporated into end items furnished to Procurement Representative are not counterfeit or of suspect quality.

(b) Notwithstanding Seller's responsibility for all quality assurance measures as described in paragraph (a) above, Procurement Representative has the right to conduct process inspections if this Agreement is for services. If conducted, such inspections shall be performed in a manner that will not unduly delay the work, and Seller shall provide all reasonable facilities and assistance for the safe and convenient performance of such inspections without additional charges.

(c) Procurement Representative reserves the right to inspect and test all items and services that have been tendered for acceptance. Procurement Representative has the right to reject nonconforming items and services with or without disposition instructions from Seller; the right to require their correction, replacement, reperformance; the right to accept nonconforming items or services and reduce the Agreement amount to reflect the reduced value of the nonconformance(s); or the right to terminate this Agreement for cause. Procurement Representative must exercise its post-acceptance rights (1) within a reasonable time after the defect was discovered or should have been discovered; and (2) before any substantial change occurs in the conditions of the item or services, unless the change is due to the defect in the item or service.

(d) Procurement Representative shall not be obligated to inspect the items or services, and neither the inspection nor the lack of inspection by Procurement Representative shall relieve the Seller of its responsibility for providing the items or services in accordance with the terms of the Agreement. The inspection or use of or payment for item under the Agreement, either wholly or in part, shall not be construed as acceptance.

22. WARRANTY [OCT 2017]

Seller warrants that items delivered under this Agreement shall be in accordance with Seller's affirmation, description, sample, or model and compliant with all requirements of this Agreement. The warranty shall begin upon acceptance and extend for a period of (1): the manufacturer's warranty period or six months, whichever is longer, if Seller is not the manufacturer and has not modified the item or (2) one year or the manufacturer's warranty period, whichever is longer, if Seller is the manufacturer of the item or has modified it. If any nonconformity with item appears within that time, Seller shall promptly repair or replace such items or re-perform services. Transportation of replacement items and return of nonconforming items and repeat performance of services shall be at Seller's expense. If repair or replacement or re-performance of services is not timely, Company may elect to return the nonconforming items or repair or replace them or re-procure the services at Seller's expense. Any implied warranties of merchantability and fitness for a particular purpose are hereby disclaimed.

23. GOVERNMENT PROPERTY [OCT 2017]

(a) If Seller purchases property for which it is entitled to reimbursement as a direct item of cost, title for said property shall pass directly to the Government upon delivery to the Seller. Title to all other property, the cost of which is reimbursable to Seller, shall pass to the Government upon the earliest of issuance of property for use in performance, or processing property for use in performance, or reimbursement of cost of property.

(b) As may be required by the Agreement, the Company shall deliver to Seller at the time and locations stated in this Agreement the Government property described in this Agreement. If the property is not suitable for its intended use or is not delivered to Seller as specified in this Agreement, Company shall equitably adjust affected provisions in accordance with the Changes clause when the facts warrant an equitable adjustment and Seller submits a timely written request for such adjustment. Said equitable adjustment shall be Seller's exclusive remedy.

(c) Title to all Government property, whether provided by the Company or acquired by the Seller, shall remain in the Government. Title shall not be affected by the incorporation or attachment to any property not owned by the Government, nor shall any Government property become a fixture or lose its identity because it is affixed to any realty.

(d) For all Government property in Seller's possession or for which Seller is responsible for, the Seller assumes the risk and responsibility for its loss or damage, except—

- (1) For reasonable wear and tear;
- (2) To the extent property is consumed in performing this Agreement; or
- (3) As otherwise provided for by this Agreement.

(e) Seller shall establish and maintain a property control program for use, maintenance, repair, protection and preservation of Government property consistent with good business practices and as may be prescribed by Company. Except as may be authorized in writing by the Company, Government property shall be used only for the performance of this Agreement.

(f) Upon completion of this Agreement, Seller shall follow the instructions of the Procurement Representative regarding the disposition of all Government property not consumed in the performance of this Agreement (including any scrap) or previously delivered to the Company. Seller shall dismantle, prepare for shipment, and at the Procurement Representative's direction, store or deliver said property (at Company expense), or dispose of the property as directed by the Procurement Representative. The net proceeds of any such disposal shall be credited to the Agreement price or shall be paid as the Procurement Representative may direct.

(g) If this Agreement is to be performed outside the United States and its outlying areas, the words "Government" and "Government Property (wherever they appear in this clause) shall be construed as "United States Government" and "United States Government Property" respectively.

24. SUSPECT/COUNTERFEIT ITEMS [OCT 2017]

(a) Definitions.

(1) "Suspect material" as used in this clause, means any material or item that is not known to conform to established U.S. Company or industry-accepted specifications and national consensus standards.

(2) "Counterfeit material" as used in this clause, means any suspect material or item that is a copy or substitute without legal right or authority to do so, or one whose material, performance, or characteristics are knowingly misrepresented by the vendor, supplier, distributor, or manufacturer.

(b) The Seller shall not use or provide suspect or counterfeit materials or parts as part of the end item for delivery, including any fasteners (Grade 5, Grade 8, Grade 8.2, ASTM A325, bolts, studs, cap screws, washers, nuts, etc.), electrical components (circuit breakers, relays, fuses, transformers, etc.), piping components or mechanical piping components (pipe valves, fittings, nipples, flanges, couplings, plugs, spacers, and nozzles, etc.) valves, metal framing (plate fittings, post base, beam clamp channel, spring clips, square washers), wire rope, lifting materials (shackles, hooks, slings, cables, forklifts, hoists, etc.), welding material (rods, wire, flux, etc.) on any equipment, assemblies, components, or facilities under this contract. Any suspect or counterfeit material provided by the Seller to Company is subject to seizure and will not be returned to the Seller. The Seller shall replace any and all suspect or counterfeit material at no additional charge to Company.

(c) Fasteners.

(1) SAE Grades 5, 8 and 8.2 and ASTM Grade A325 fasteners, identified at <http://energy.gov/ehss/downloads/headmark-list-suspect-counterfeit-fasteners-1992> entitled Suspect Fastener Headmark List, cannot be introduced into DOE facilities. Therefore, such fasteners shall not be provided as deliverable end items or incorporated into deliverable end items under this contract.

(2) Any fasteners delivered under this contract shall be subject to the requirements of the Fastener Quality Act ("the Act"), Public Law 101-592, Title 15, United States Code (U.S.C.), Chapter 80, and those requirements as stated in this contract. No fastener, as defined in the Act and regulations issued thereunder by the Secretary of Commerce, shall be supplied to Company, regardless of lot size.

(3) Nothing in this clause shall prohibit Company from requiring in this contract, the inspection and testing of a greater number of fasteners from a lot than is specified in the applicable standards or specifications to which the manufacturer represents the fasteners to have been manufactured or in the applicable sampling procedures specified by the Secretary of Commerce.

(d) Electrical Equipment, Items, and Components.

(1) All electrical equipment, items and components shall exhibit manufacturers' labels and identification. Specifically the labeling of voltage and current values for equipment and the marking of purged and pressurized enclosures with an asphyxiation hazard warning where the protective gas is other than air.

(2) Electrical equipment, items or components must be approved by a nationally recognized testing laboratory (NRTL) (e.g., UL, CSA, FMRS, or MET). Equipment approved by an NRTL shall bear written evidence by listing or labeling that it has received certification from the NRTL. If no certification is available, the manufacturer shall provide any test data, design documentation, etc., which certifies the equipment to be free of electrical hazards as recognized by the National Electric Code and OSHA. This documentation may include, where applicable, references to UL Standard 508 and ANSI C Series Standards.

(3) Molded case circuit breakers, that upon inspection gives the appearance of or display evidence of, being used, refurbished, or reconditioned, may be rejected by Company on the basis of appearance without testing.

(4) Electro-mechanical equipment, where electrical and mechanical components are combined into one system, shall follow requirements in this section.

(5) All electrical equipment used in Class I and Class II hazardous (classified) locations shall follow protection techniques outlined in NFPA 496.

(e) Mechanical Equipment, Items and Components.

(1) All mechanical equipment, systems and components shall exhibit manufacturers' labels and identification.

(2) All mechanical equipment, that has electrical components, is to meet the requirements of (d) above.

(f) Packaging and Labeling.

(1) Reference to fasteners shall conform to the following format: Size; Style; Grade; and Specifications (i.e., 1/2 x 20 x 6", hex head, cap screws, grade 8, per specification SAE-J429).

(2) All bolts shall be marked with the grade and manufacturers head markings (suspect or counterfeit fasteners are those identified in <http://energy.gov/ehss/downloads/headmark-list-suspect-counterfeit-fasteners-1992> entitled Suspect Fastener Headmark List, Suspect Fastener Headmark List).

(3) All fasteners shall be separately boxed by lot number, with no mixing of lots.

(4) The manufacturer's lot numbers shall be listed on the packing list as part of the descriptive information.

(5) Each individual box shall be marked with the lot number.

(6) All shipments of graded fasteners indicated in this contract, and other items as specified, shall include an authenticated "Certified Material Test Report" traceable to the manufacturer by lot number, such that the manufacturer's test data (such as physical and chemical test reports for fasteners) can be certified by Company, if required.

(7) All remanufactured, refurbished or rebuilt replacement equipment and components, if specifications permit, shall be clearly marked as such and shipped in the manufacturer's original packing, and have any designated serial numbers listed on the packing list.

(8) The Seller shall affix a "certificate of conformance" stamp on each packing list, authenticated by a designated company official responsible for this function, if required by this contract.

(g) Confirmation of Source and Performance Characteristics.

(1) Company may obtain an opinion concerning legitimacy of the equipment from the original manufacturer. Such opinion shall be a sufficient basis for rejection of any item provided by the Seller. In addition to other rights provided by law or this contract, Company may reject the item or equipment provided by the Seller that does not meet the OEM's published performance requirements.

(h) Reporting of Suspect/Counterfeit Materials and Investigation.

(1) Company investigates incidents of suspect or counterfeit materials. The Seller shall cooperate with such investigations by providing evidence, documentation, or information as may be requested by Company in conducting the investigation.

(2) Company will report to the Office of Inspector General (OIG) any suspect/counterfeit material that is discovered during receipt, maintenance, testing, inspection or use and when there is reason to believe that a fraudulent act occurred during the manufacture, shipping, testing, or certification of the suspect/counterfeit material.

(3) Evidence of deliberate misrepresentation of any item(s) and/or component(s) or provision of any item specifically prohibited under this contract, may result in an investigation by the OIG.

(i) Unauthorized Substitution.

All equipment and material furnished shall be the exact item as described in this contract. Company will not accept any substitutions unless specifically approved in writing by the Company Procurement Representative. Equipment or material for which unauthorized substitution is made shall be considered suspect/counterfeit.

25. DEFECT IDENTIFICATION AND REPORTING [OCT 2017]

(a) The Seller and its suppliers shall identify and report in writing to Company any actual or potentially defective item or service provided in accordance with the requirements of this clause. The written report shall contain sufficient information to permit Company to evaluate the impact of such deficiencies.

(b) Notification of Defects. The Seller shall notify Company in writing within two (2) calendar days upon knowledge of an actual or potentially defective item or service which has been provided to Company or to Seller. If the first notification, due to anticipated severity and/or significance of impact, is by means other than in writing, a written report shall be submitted within five (5) calendar days from the date of notification. The notification shall contain the following:

- (1) Name and address of the person making the notification,
- (2) Nature of the defect and any substantial safety hazard that could result, if known,
- (3) Description of the defective item or service, including the following specific information:

- Manufacturer's name.
- Item model number(s).
- Name and addresses of the original and any intermediate supplier.
- Potential failure modes.
- Identification of the facilities where the defective item(s) and/or service(s) have been supplied, to the extent known.
- Actions that have been taken or are being planned to correct the defective item(s) or service(s), including designation of the organization responsible for implementing the corrective actions and schedule for completion.
- Additional pertinent information.

(c) Follow-up Reporting. In the event the report submitted is only preliminary, a written follow-up report shall be made each forty-eight (48) hours thereafter until a final written report can be made. The final written report shall be submitted to Company as

soon as possible, in light of the defect's magnitude, but in no event shall it be provided later than thirty (30) days following discovery of the defect. The final written report should be comprehensive in terms of addressing the defect(s) and any remedial actions required to overcome the fact that the defective item(s) and/or service(s) were provided.

(d) Company Point of Contact for reporting is the Procurement Representative.

Note: Mark document "URGENT - DELIVER IMMEDIATELY".

(e) The responsibility for identifying and reporting a defective item or service shall extend to all levels and individuals of the Seller. The Seller shall include this Article in all subcontracts and purchase orders entered into under this Agreement.

26. TERMINATION FOR DEFAULT [OCT 2017]

Company may terminate this Agreement for default, in whole or in part, if, after 10 calendar days from Company's written notice, Seller fails to comply with any of the terms of this Agreement, or fails to provide adequate assurance of future performance. In that event, Company shall not be liable for any amount for items supplies or services not accepted, and the Seller shall be liable to the Company for any and all rights and remedies provided by law. If it is determined that the Company improperly terminated this Agreement for default, such termination shall be deemed a termination for convenience.

27. EXCUSABLE DELAYS [OCT 2017]

(a) Seller shall not be liable to Company if its nonperformance is caused by an occurrence beyond the reasonable control of the Seller and without its fault or negligence, such as acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. However, if Seller's failure to perform is caused by the failure of its supplier/subcontractor at any tier to perform or make progress, and if the cause of such failure was beyond the reasonable control of both Seller and the supplier/subcontractor and without the fault or negligence of either, then Seller shall not be deemed to be in default, unless the supplies or services were timely obtainable from other sources. Seller shall notify the Procurement Representative in writing as soon as possible after any excusable delay period begins and ends.

(b) Company shall not be liable to Seller if Company's nonperformance is caused by an occurrence beyond the reasonable control of Company and without its fault or negligence, such as acts of God or the public enemy, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. Seller's sole remedy shall be a schedule extension to this Agreement if the facts support the extension requested by Seller. The Procurement Representative shall notify Seller in writing as soon as reasonably possible after an excusable delay period begins and ends.

28. TERMINATION FOR CONVENIENCE [OCT 2017]

Company reserves the right to terminate this Agreement, or any part hereof, for the convenience of itself or the Government. In the event of such termination, Seller shall immediately stop all work terminated and shall immediately cause any and all of its affected suppliers and subcontractors to cease work. Subject to the terms of this Agreement, Seller shall be paid a percentage of the price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges that Seller can demonstrate to the satisfaction of Company using its standard record keeping system, have resulted from the termination. Seller shall not be required to comply with the cost accounting standards or contract cost principles for this purpose. This clause does not give Company or the Government the right to audit Seller's records. Seller shall not be paid for any work performed or costs incurred which reasonably could have been avoided.

29. MANUALS AND REPORTS [OCT 2017]

(a) Applicability -- This Article does not apply if this Agreement includes either Exhibit 9 or Exhibit 21.

(b) For each item of supply to be delivered by Seller (not including computer software), Seller shall deliver the following data: any accompanying manual and instruction or training material for installation, operation, or routine maintenance and repair of such item. The Company shall have the following rights in such data: the right to use, reproduce without limitation, prepare derivative works, distribute internally or on behalf of the Government such as posting on electronic bulletin boards or libraries, and to exercise any such right in any manner and for any purpose.

(c) When the Agreement is for Seller services and Seller is required to deliver a report, summary, recommendation, advice, or other written product (collectively "report"), Company shall have the following rights in such reports: the right to use, reproduce without limitation, prepare derivative works, distribute internally or on behalf of the Government such as posting on electronic bulletin boards or libraries, and to exercise any such right in any manner and for any purpose.

30. SURVIVAL [OCT 2018]

All terms, conditions and provisions of this Agreement, which by their nature are independent of the period of performance, shall survive the cancellation, termination, expiration, default or abandonment of this Agreement.

31. CLAUSES INCORPORATED BY REFERENCE [OCT 2018]

(a) The clauses listed in paragraph (c) below are incorporated herein by reference. The texts of FAR and DEAR clauses are available at a variety of Internet Sites including URL: <http://farsite.hill.af.mil/> and the texts of Company clauses are available on the “Procurement” link at: <http://www.y12.doe.gov>. Except as provided in (b) below, in the listed clauses “Contractor” means the Seller, “Government” means the Company, “Contract” means this Agreement, and “Contracting Officer” means the Company’s Procurement Representative.

(b) “Government” retains its meaning in:

- (1) Exhibit 7 – Classified Inventions;
- (2) DEAR 970.5208-1, Printing.

(c)(1) The following clauses are incorporated into this Agreement:

- FAR 52.222-50 Combating Trafficking in Persons (FEB 2009)
- FAR 52.223-2 Affirmative Procurement of Bio-Based Products Under Service and Construction Contracts (SEPT 2013)
- FAR 52.223-7 Notice of Radioactive Materials (JAN 1997)
(paragraph (a) shall read 45 days prior)
- FAR 52.223-15 Energy Efficiency and Energy Consuming Products (DEC 2007)
- FAR 52.223-16 IEEE 1680 Standard for Environmental Assessment of Personal Computer Products Alt I (DEC 2007)
- FAR 52.223-17 Affirmative Procurement of EPA Designated Items in Service and Construction Contracts (MAY 2008)
- FAR 52.224-2 Privacy Act (APR 1984) (Applies to scope of work for system of records on individuals)
- FAR 52.225-13 Restrictions on Certain Foreign Purchases (JUN 2008)
- FAR 52.232-39 Unenforceability of Unauthorized Obligations (JUN 2013)
- FAR 52.244-6 Subcontracts for Commercial Items (DEC 2013)
- FAR 52.246-16 Responsibility for Supplies (APR 1984)
- FAR 52.247-64 Preference for Privately Owned U.S.- Flag Commercial Vessels (FEB 2006)
- DEAR 952.204-71 Sensitive Foreign Nations Controls (MAR 2011)
- DEAR 952.204-77 Computer Security (AUG 2006)
- Hazardous Material Identification and Material Safety Data (UCN-22480) (JUL 2014) (Company)
- Nuclear Hazards Indemnity and Price-Anderson Amendments Act (UCN-22433) (JUL 2017) (Company)
- Identification and Protection of UCNI/OUO Information (UCN-22414) (APR 2018) (Company)
- Travel Reimbursement Policy (UCN-22427) (NOV 2016) (Company)

(c)(2) The following clause is incorporated if this Agreement exceeds \$2,500:

- FAR 52.222-41 Service Contract Labor Standards (MAY 2014)
- FAR 52.222-42 Statement of Equivalent Rates for Federal Hires (MAY 2014)
- FAR 52.222-43 Fair Labor Standards Act & Service Contract Labor Standards-Price Adjustment (Multi-Year & Option Contracts (MAY 2014)
- FAR 52.222-44 Fair Labor Standards Act and Service Contract Labor Standards – Price Adjustment (MAY 2014)

(c)(3) The following clause is incorporated if this Agreement exceeds \$3,500:

- FAR 52.222-54 Employment Eligibility Verification (OCT 2015) (not applicable to COTS as defined by FAR)

(c)(4) The following clause is incorporated if this Agreement exceeds \$10,000:

- FAR 52.222-3 Convict Labor (JUN 2003)
- FAR 52.222-21 Prohibition of Segregated Facilities (FEB 1999)
- FAR 52.222-26 Equal Opportunity (MAR 2007) (The required poster is available at:
<http://www.dol.gov/ofccp/regs/compliance/posters/ofccpost.htm>)
- FAR 52.222-40 Notification of Employee Rights Under the National Labor Relations Act (DEC 2010)
- FAR 52.223-18 Encouraging Contractor Policies to Ban Text Messaging While Driving (AUG 2011)
- FAR 52.225-1 Buy American Act—Supplies (FEB 2009)

(c)(5) The following clause is incorporated if this Agreement exceeds \$15,000:

- FAR 52.222-20 Walsh-Healey Public Contracts Act (OCT 2010)
- FAR 52.222-36 Equal Opportunity for Workers With Disabilities (JUL 2014)

(c)(6) The following clause is incorporated if this Agreement exceeds \$30,000:

- FAR 52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards (OCT 2016)

(c)(7) The following clause is incorporated if this Agreement exceeds \$35,000:

- FAR 52.209-6 Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (OCT 2015)

(c)(8) The following clauses are incorporated if this Agreement exceeds \$100,000:

- DEAR 970.5227-5 Notice and Assistance Regarding Patent and Copyright Infringement (AUG 2002)

(c)(9) The following clauses are incorporated if this Agreement exceeds \$150,000:

- FAR 52.203-7 Anti-Kickback Procedures (OCT 2010), except paragraph (c)(1)
- FAR 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (OCT 2010)
- Rights (APR 2014)
- FAR 52.222-35 Equal Opportunity for Veterans (OCT 2015)
- FAR 52.222-37 Employment Reports on Veterans (FEB 2016)
- Sustainable Acquisition Program (UCN-22645) (JUL 2014) (Company)

(c)(10) The following clauses are incorporated if this Agreement exceeds \$250,000:

- FAR 52.203-6 Restrictions on Subcontractor Sales to the Government (SEP 2006) (Alternate I OCT 1995)
- FAR 52.203-17 Contractor Employee Whistleblower Rights and Requirements to Inform Employees of Whistleblower
- FAR 52.219-8 Utilization of Small Business Concerns (JUL 2013)
- FAR 52.242-13 Bankruptcy (JUL 1995)
- FAR 52.247-63 Preference for U.S. Flag Air Carriers (JUN 2003)

(c)(11) The following clauses are incorporated when the work involves access to classified information or special nuclear material or the work reasonably might result in a patent application that contains classified subject matter:

- DEAR 952.204-2 Security (MAR 2011)
- DEAR 952.204-70 Classification/Declassification (SEP 1997)
- Exhibit 7 Classified Inventions (UCN-22508) (MAY 2017) (Company)
- Civil Penalties for Classified Information Security Violations (UCN-22381) (JUL 2014) (Company)

(c)(12) The following clauses are incorporated if this Agreement exceeds \$5,500,000:

- FAR 52.203-13 Contractor Code of Business Ethics and Conduct (OCT 2015)
(with a performance period of more than 120 days)

(c)(13) The following clause is incorporated if this Agreement requires printing (as defined in Title I, Definitions of the U.S. Government Printing and Binding Regulations

- DEAR 970.5208-1 Printing (DEC 2000)