

## U.S GOVERNMENT CONTRACT PROVISIONS FROM THE FEDERAL ACQUISITION REGULATION TC002, Supplement 1

**NOTE: These clauses are applicable to Purchase Orders or Subcontracts issued by Crestview Aerospace, LLC or Kemco Tool & Machine Company dba Kemco Aerospace in support of a U.S. Government Prime Contract.**

1. When the materials or products furnished are for use in connection with a U.S. Government contract or subcontract, in addition to the General Provisions, the following provisions shall apply, as required by the terms of the prime contractor or by operation of law or regulation. In the event of a conflict between these FAR provisions and the General Provisions, the FAR provisions shall control. Clauses in this document may not be applicable to specific orders due to the type of subcontract/purchase order to be issued, dollar thresholds under requirements of the FAR, DFARS or Public Law or Mandatory Flow Down requirements of a particular prime contract. Clauses not applicable for these reasons shall not be removed from this document and will be considered by all parties to be without force and effect.
2. The following clauses set forth in the FAR in effect as of the date of the prime contract are incorporated herein by reference with the same force and effect as if they were given in full text. In all clauses listed herein, the terms "Government," "Contracting Officer," and "Contractor" shall be revised to suitably identify the contracting parties herein and affect the proper intent of the provision, except where further clarified or modified below. "Subcontractor," however, shall mean "Seller's Subcontractor" under this purchase order. The Seller, by signing its offer, hereby certifies compliance with the following clauses and is, therefore eligible for award.

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| 3. Equal Opportunity .....                                                                                                                                                                                                          | 52.222-26 |
| 4. Notification of Visa Denial .....                                                                                                                                                                                                | 52.222-29 |
| 5. Affirmative Action for Workers with Disabilities .....                                                                                                                                                                           | 52.222-36 |
| (The Contractor (Buyer) and subcontractor (Seller) shall abide by the requirements of 41 CFR 60-741.5(a))                                                                                                                           |           |
| 6. Notification of Employee Rights Under the National Labor relations Act (para f only) .....                                                                                                                                       | 52.222-40 |
| 7. Buy American Act North American Free Trade Agreement – Israeli Trade Act (over \$25,000) .....                                                                                                                                   | 52.225-3  |
| 8. Buy America Act—Free Trade Agreements—Israeli Trade Act June 2009 Alt I (Jan 2004) .....                                                                                                                                         | 52.225-3  |
| 9. Buy America Act—Free Trade Agreements—Israeli Trade Act June 2009 Alt II (Jan 2004) .....                                                                                                                                        | 52.225-3  |
| 10. Buy American Act North American Free Trade Agreement – Israeli Trade Act Certificate<br>(over \$25,000) .....                                                                                                                   | 52.225-4  |
| <br><b>C. ORDERS OVER THE SIMPLIFIED ACQUISITION THRESHOLD INCLUDE THE FOLLOWING:</b>                                                                                                                                               |           |
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| 4. Restrictions on Subcontractor Sales to the Government .....                                                                                                                                                                      | 52.203-6  |
| 5. Anti-Kickback Procedures (less paragraph (c) (1)) .....                                                                                                                                                                          | 52.203-7  |
| 6. Cancellation, Rescission, and Recovery of funds for Illegal or Improper Activity .....                                                                                                                                           | 52.203-8  |
| 7. Price or Fee Adjustment for Illegal or Improper Activities .....                                                                                                                                                                 | 52.203-10 |
| 8. Limitation on Payments to Influence Certain Federal Transactions .....                                                                                                                                                           | 52.203-12 |
| 9. Preventing Personal conflicts of Interest for Employees Performing Acquisition functions .....                                                                                                                                   | 52.203-16 |
| 10. Contractor Employee Whistleblower Rights and Requirement to Inform Employees of Whistleblower<br>Rights .....                                                                                                                   | 52.203-17 |
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| 12. Audit and Records – Negotiation .....                                                                                                                                                                                           | 52.215-2  |
| 13. Integrity of Units Prices .....                                                                                                                                                                                                 | 52.215-14 |
| 14. Contract Work Hours and Safety Standards Act – Overtime Compensation .....                                                                                                                                                      | 52.222-4  |
| 15. Non-displacement of Qualified Workers (Service Contracts) .....                                                                                                                                                                 | 52.222-17 |
| 16. Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans<br>(The Contractor (Buyer) and subcontractor (Seller) shall abide by the requirements of<br>41 CFR 60-300.5(a)) ..... | 52.222-35 |
| 17. Employment Reports on Disabled Veterans and Veterans of the Vietnam Era, and Other Eligible<br>Veterans .....                                                                                                                   | 52.222-37 |
| 18. Compliance With Veteran's Employment Reporting Requirements .....                                                                                                                                                               | 52.222-38 |
| 19. Drug-Free Workplace .....                                                                                                                                                                                                       | 52.223-6  |
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| 21. Notice and Assistance Regarding Patent and Copyright Infringement .....                                                                                                                                                         | 52.227-2  |
| 22. Federal, State, and Local Taxes .....                                                                                                                                                                                           | 52.229-3  |

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| 24. Change Order Accounting .....                                                                      | 52.243-6  |
| 25. Subcontracts (paragraphs (h) and (l) only apply).....                                              | 52.244-2  |
| 26. Inspection of Supplies, Fixed Priced Contracts.....                                                | 52.246-2  |
| 27. Inspection of Services, Fixed Price Contracts.....                                                 | 52.246-4  |
| 28. High-Level Contract Quality Requirement.....                                                       | 52.246-11 |
| 29. Responsibility for Supplies.....                                                                   | 52.246-16 |
| 30. Value Engineering .....                                                                            | 52.248-1  |
| 31. Termination for Convenience of the Government (Fixed-Price) – “Government: shall mean “Buyer”.     |           |
| In paragraph (c), the term “120 days” is changed to “60 days.” The term “one year” in paragraph (e) is |           |
| changed to “six months.” The term “90 days” in paragraph (l) is changed to “forty-five days,”          |           |
| per 49.502 (e).....                                                                                    | 52.249-2  |
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### D. **ORDERS OVER \$700,000 ALSO INCLUDE THE FOLLOWING:**

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| 2. Display of Hotline Poster (over \$5.5 million) .....                                        | 52.203-14 |
| 3. Pension Adjustment and Asset Reversions .....                                               | 52.215-15 |
| 4. Reversion or Adjustment of Plans for Postretirement Benefits (PRB) other than Pensions..... | 52.215-18 |
| 5. Notification of Ownership Changes.....                                                      | 52.215-19 |
| 6. Small Business Subcontracting Plan \$750K.....                                              | 52.219-9  |
| 7. Liquidated Damages – Subcontracting Plan.....                                               | 52.219-16 |
| 8. Pre-award On-Site Equal Opportunity Compliance Evaluation (over \$10 million).....          | 52.222.24 |

### E. **UNLESS OTHERWISE EXEMPT ALSO INCLUDES THE FOLLOWING:**

|                                                                                                          |           |
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| 1. Prohibition On Contracting For Hardware, Software And Services Developed Or Provided By Kaspersky Lab |           |
| Covered Entities.....                                                                                    | 52.204-23 |
| 2. Prohibition On A Bytedance Covered Application.....                                                   | 52.204-27 |
| 3. Price Reduction for Defective Cost or Pricing.....                                                    | 52.215-10 |
| 4. Price Reduction for Defective Cost or Pricing Data – Modifications.....                               | 52.215-11 |
| 5. Subcontractor Cost or Pricing Data .....                                                              | 52.215-12 |
| 6. Subcontractor Cost of Pricing Data – Modifications.....                                               | 52.215-13 |
| 7. Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data.....             | 52.215-20 |
| 8. Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data –                |           |
| Modifications.....                                                                                       | 52.215-21 |
| 9. Contract Definitization .....                                                                         | 52.216-25 |
| 10. Exemption From Application Of The Service Contract Act To Contracts For Maintenance, Calibration, Or |           |
| Repair Of Certain Equipment –Requirements.....                                                           | 52.222-51 |
| 11. Exemption From Application Of The Service Contract Act To Contracts For Certain Services –           |           |
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| 12. Dei Discrimination By Federal Contractors.....                                                       | 52.222-90 |
| 13. Sustainable Products And Services.....                                                               | 52.223-23 |
| 14. Buy American-Free Trade Agreements-Israeli Trade Act.....                                            | 52.225-3  |
| 15. Patent Rights - Ownership By The Government.....                                                     | 52.227-13 |
| 16. Refund Of Royalties.....                                                                             | 52.227-9  |
| 17. State Of New Mexico Gross Receipts And Compensating Tax.....                                         | 52.229-10 |
| 18. Taxes-Foreign Fixed Price Contracts.....                                                             | 52.229-6  |
| 19. Interest.....                                                                                        | 52.232-17 |
| 20. Earned value Management System.....                                                                  | 52.234-4  |
| 21. Prohibition On Unmanned Aircraft Systems Manufactured Or Assembled By American Security Drone Act -  |           |
| Covered Foreign Entities.....                                                                            | 52.240-1  |
| 22. Basic Safeguarding Of Covered Contractor Information Systems.....                                    | 52.240-93 |

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- 23. Government Supply Sources.....52.251-1
- 24. The Boeing Company Material Substitution Prohibition.....D607

### F. APPLICABLE TO COST REIMBURSEMENT, TIME & MATERIAL OR LABOR HOUR ORDERS:

- 1. Facilities Capital Cost of Money ..... 52.215-16
- 2. Waiver of Facilities – Capital Cost of Money..... 52.215-17
- 3. Allowable Cost and Payment (Cost Reimbursement) – Seller agrees to execute assignment documents in order to meet subsection (h)..... 52.216-7
- 4. Fixed Fee – Applicable if this is a cost plus fixed fee order..... 52.216-8
- 5. Incentive Fee – Applicable if this is a cost plus incentive fee order..... 52.216-10
- 6. Cost Contract – No Fee – Applicable if this is a cost no fee order. .... 52.216-11
- 7. Cost Sharing Contract – No Fee – Applicable if this is a cost sharing, no fee order. .... 52.216-12
- 8. Payment for Overtime Premiums – Insert “0%” in paragraph (a) unless indicated otherwise on the face of this order ..... 52.222-2
- 9. Fair Labor Standards Act and Service Contract Act – Price Adjustment (Multiple Year and Option Contracts) ..... 52.222-43
- 10. Fair Labor Standards Act and Service Contract Act – Price Adjustment..... 52.222-44
- 11. Payments Under Time and Materials and Labor Hour Contracts (“schedule” means Purchase Order, “voucher(s) Means Purchase Order. “Government” means Buyer and “Contracting Officer” means Buyer Purchasing Representative ..... 52.232-7
- 12. Limitation of Cost (if fully funded) ..... 52.232-20
- 13. Limitation of Funds (if incrementally funded) ..... 52.232-22
- 14. Stop Work Order.....52.242-15 Alt I
- 15. Changes – Cost-Reimbursement – Applicable if this is a Cost-Reimbursement Order ..... 52.243-2
- 16. Changes – Time and Material or Labor-Hours – Applicable if this is a Time and Material or Labor Hour Order ..... 52.243-3
- 17. Inspection of Supplies (Cost Reimbursement) – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed acceptable by the Buyer), and where “Government” first appears in paragraph (k), it shall mean “Government or Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government. .... 52.246-3
- 18. Inspection of Services (Cost-Reimbursement) – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k), it shall mean “Government or Buyer.” The provisions in this clause for access, Inspection of Services (Cost-Reimbursement) – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k) it shall mean “Government and Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government .....52.246-5
- 19. Inspection – Time and Material and Labor Hour – “Contracting Officer” means “Buyer’s purchasing representative” and “Government” means “Buyer and Government” (provided that an inspection system accepted by the Government will be deemed accepted by the Buyer), and where “Government” first appears in paragraph (k), it shall mean “Government and Buyer.” The provisions in this clause for access, right to inspect, safety protection, and relief from liability apply equally to Buyer and the Government .....52.246-6
- 20. Submission of Transportation Documents for Audit ..... 52.247-67
- 21. Termination (Cost-Reimbursement) – “Government” means “Buyer” and “Contracting Officer” means “Buyer’s purchasing representative.” In paragraph (d) change “15 days” and “45 days” to “30 days” and “90 days,” respectively. In paragraph (e) change “1 year” to “six months.” Alternate IV is applicable to Time and Material or Labor-Hour orders only. .... 52.249-6 Alt IV
- 22. Excusable Delay.....52.249-14

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### G. APPLICABLE TO CONSTRUCTION ORDERS:

|                                                                                                                                                 |           |
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| 1. Subcontracts (Labor Standards).....                                                                                                          | 52.222-11 |
| 2. Affirmative Action Compliance Requirements for Construction (over \$10,000).....                                                             | 52.222-27 |
| 3. Notice of Requirement for Project Labor Agreement.....                                                                                       | 52.222-33 |
| 4. Project Labor Agreement.....                                                                                                                 | 52.222-34 |
| 5. Affirmative Procurement of Biobased Products Under Service and Construction Contracts.....                                                   | 52.223-2  |
| 6. Buy American Act – Construction Materials.....                                                                                               | 52.225-9  |
| 7. Notice of Buy American Act / Balance of Payments Program Requirement – Construction Materials.....                                           | 52.225-10 |
| 8. Buy American Act-Construction Materials Under Trade Agreements.....                                                                          | 52.225-11 |
| 9. Required Use of American Iron, Steel, Manufactured Materials– Buy American Act Construction Materials.....                                   | 52.225-21 |
| 10. Notice of Required Use of American Iron, Steel, Manufactured Materials– Buy American Act Construction Materials.....                        | 52.225-22 |
| 11. Required Use of American Iron, Steel, Mfg'd Matls– Buy American Act Construction Matls Under Trade Agreements.....                          | 52.225-23 |
| 12. Notice of Required Use of American Iron, Steel, Manufactured Materials– Buy American Act Construction Materials Under Trade Agreements..... | 52.225-24 |
| 13. North Carolina State and Local Sales and Use Tax.....                                                                                       | 52.229-2  |
| 14. Prompt payment for construction contracts.....                                                                                              | 52.232-27 |
| 15. Inspection of Construction.....                                                                                                             | 52.246-12 |
| 16. Value Engineering – Construction (over \$250,000).....                                                                                      | 52.248-3  |

### 3. CERTIFICATIONS:

**THE OFFEROR, BY SIGNING ITS OFFER AND ANY RESULTANT SUBCONTRACT OR PURCHASE ORDER, HEREBY CERTIFIES COMPLIANCE WITH THE FOLLOWING CLAUSES AND IS, THEREFORE, ELIGIBLE FOR AWARD.**

|                                                                                                                                                             |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| A. Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (over \$150,000).....                                          | 52.203-11 |
| B. Certification for Federal funding accountability and Transparency Act (FFATA) (at \$30,000 or greater).....                                              | 52.204-10 |
| C. Certification Regarding Responsibility Matters (over \$250K).....                                                                                        | 52.209-5  |
| D. Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (over \$35,000).....            | 52.209-6  |
| E. Information Regarding responsibility Matters (Over \$550K).....                                                                                          | 52.209-7  |
| F. Certification Regarding Knowledge of Child Labor for Listed End Products.....                                                                            | 52.222-18 |
| G. Previous Contracts and Compliance Reports (over \$10,000).....                                                                                           | 52.222-22 |
| H. Affirmative Action Compliance.....                                                                                                                       | 52.222-25 |
| I. Affirmative Action for Workers with Disabilities (over \$10K).....                                                                                       | 52.222-36 |
| J. Certification Regarding Trafficking in Persons Compliance Plan (\$500K or greater for other than COTS items and performed outside the United States..... | 52.222-56 |
| K. Bio-based Product Certification.....                                                                                                                     | 52.223-1  |
| L. Recovered Material Certification.....                                                                                                                    | 52.223-4  |
| M. Public Disclosure of Greenhouse Gas Emissions and Reduction Goals.....                                                                                   | 52.223-22 |
| N. Prohibition on Conducting Restricted Business Operations in Sudan Certification.....                                                                     | 52.225-20 |
| O. Prohibition on Contracting with Entities Engaging in Sanctioned Activities Relating to Iran.....                                                         | 52.225-25 |
| P. Cost Accounting Standards Notices and Certifications.....                                                                                                | 52.230-1  |

### 4. APPLICABLE TO ALL CONTRACTS THAT ARE FUNDED IN WHOLE OR IN PART BY THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009:

|                                                                                                                         |           |
|-------------------------------------------------------------------------------------------------------------------------|-----------|
| 1. Whistleblower Protections.....                                                                                       | 52.203-15 |
| 2. Prohibition in Contracting with Entities that Require Certain Internal Confidentiality Agreements or Statements..... | 52.203-18 |

**U.S GOVERNMENT CONTRACT PROVISIONS FROM THE FEDERAL ACQUISITION REGULATION  
TC002, Supplement 1****5. ADDITIONAL CLAUSES:****A. COST ACCOUNTING STANDARDS (APPLICABLE UNLESS OTHERWISE EXEMPT)**

Seller shall communicate and otherwise deal directly with the Contracting Officer to the extent practicable and permissible as to all matters relating to Cost Accounting Standards. Seller shall provide Buyer with copies of all communications between Seller and the Contracting Officer respecting Cost Accounting Standards, FAR 52.230-2 and Administration of Cost Accounting Standards, FAR 52.230-6, provided Seller shall not be required to disclose to Buyer such communications containing information which is privileged and confidential to the Seller. In addition to any other remedies provided by law or under this Order, Seller agrees to indemnify and hold Buyer harmless to the full extent of any loss, damage, or expense if Buyer is subjected to any liability as the result of a failure of the Seller or its lower-tier subcontractors to comply with the requirements of FAR 52.230-2, 52.230-3, 52.230-4, 52.230-5 or 52.230-6. Paragraph (b) is deleted in each of the foregoing clauses.

**B. TRUTH IN NEGOTIATIONS**

Cost or Pricing Data: (Applicable only if certified cost or pricing data has been provided). The clause entitled "*Subcontractor Cost or Pricing Data*" is a part of this Order if the Seller was required to furnish cost and pricing data and a Certification of Current Cost or Pricing Data for this Order. If it was not required to furnish such data and Certificate, the clause entitled "*Subcontractor Cost or Pricing Data-Modification*" is a part of this Order. Seller shall update its proposal and re-certify its cost or pricing data whenever costs, factors, or prices change such that cost or pricing data previously furnished is no longer accurate, current, or complete.

**1. Indemnification**

If any price (including profit or fee) negotiated in connection with the prime contract between the Government and the Buyer or any cost that is reimbursable under said contract is reduced because cost or pricing data furnished by the Seller in connection with any proposal submitted by the Buyer relating to said contract or in connection with this Order was not accurate, complete, or current, the Seller shall indemnify the Buyer in the amount of said reduction.

The phrase "cost or pricing data," as used herein, shall be deemed to include any such data, which related to a lower-tier prospective or actual subcontract, at any level, which was submitted by the Seller or which it procured by submission of, in connection with the aforesaid proposal or this Order in support of its cost estimate.

If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Seller shall be liable and shall pay the Buyer at the time such overpayment is repaid:

- i. Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Seller to the date the Buyer is repaid by the Seller at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and
- ii. For Department of Defense contracts only, a penalty equal to the amount of the overpayment, if the Seller knowingly submitted cost or pricing data which were incomplete, inaccurate, or non-current.

**2. Certified Cost or Pricing Data for Changes**

Prior to the pricing of any change or other modification to this Order which involves increases and/or decreases in costs plus applicable profit in excess of the contractually required threshold and resulting from a change in the prime contract, subcontractors shall submit cost or pricing data as defined in FAR section 2.101 and required by FAR subsection 15.403-4 and shall certify that the data, as defined in Federal Acquisition Regulation 15.406-2, submitted either actually or by specific identification in writing are accurate, complete, and current as of the date of completion of negotiations.

When required to obtain certified cost<sup>27</sup> and TC002 Revision 25 or pricing data or "Other Than Certified Cost and Pricing Data" from its subcontractors, pursuant to the provisions of this Order, Seller shall obtain such data.

- 6. Submission of Incurred Cost Proposals (T&M and Cost Reimbursable only)** Seller shall submit its annual incurred cost proposal required by FAR 52.216-7 to Seller's cognizant U.S. Government audit agency within six (6) months after the end of Seller's fiscal year. Seller shall confirm its submission in writing to Buyer, to include the date of its incurred cost proposal submission to the aforementioned audit agency, the point of contact name and address of audit agency. Such written notice shall be provided to Buyer within thirty (30) days of the Seller's incurred cost submission. Seller agrees that the audit results shall be reflected in timely adjustments to the prices paid by Buyer to Seller under this Subcontract as reflected in Seller's invoices to Buyer. Seller hereby grants its permission for Seller's cognizant U.S. Government audit agency to provide a copy of any resultant audit report to Buyer.

**7. DISPUTES – GOVERNMENT CONTRACTS**

Any reference to the "Disputes Clause" in any applicable FAR Clause under paragraph 2 above shall mean this paragraph 7,

**U.S GOVERNMENT CONTRACT PROVISIONS FROM THE FEDERAL ACQUISITION REGULATION  
TC002, Supplement 1***Disputes**– Government Contracts.*

- A. Any dispute arising under this purchase order relating to any decision of the Contracting Officer under the prime contract shall be resolved in accordance with paragraph B, below. All other disputes will be resolved under the Article entitled, "DISPUTES," as found in section 25 of the General Terms and Conditions TC001.

**Any reference to the "Disputes Clause" in any applicable FAR Clause under paragraph 2 above shall mean this paragraph 7, Disputes – Government Contracts.**

- A. Any dispute arising under this purchase order relating to any decision of the Contracting Officer under the prime contract shall be resolved in accordance with paragraph B, below. All other disputes will be resolved under the Article entitled, "DISPUTES," as found in section 25 of the General Terms and Conditions TC001.
- B.
1. Notwithstanding any other provisions in this purchase order, any decision of the Contracting Officer under the prime contract, which binds Buyer, shall bind both Buyer and Seller to the extent that it relates to this purchase order—provided that:
    - i. The Buyer notifies with reasonable promptness the Seller of such decision;
    - ii. The Buyer, at its sole discretion, authorizes in writing the Seller to appeal in the name of the Buyer such decision at its own expense, or
    - iii. If Buyer should appeal such decision, Buyer, at its sole discretion, offers to the Seller the opportunity, at its own expense, to join Buyer in such appeal.
  2. Any decision upon such appeal, when final, shall be binding upon the Seller.
  3. The Seller shall keep Buyer informed of any appeal it makes by providing copies of all pertinent documents to Buyer.
  4. The Seller shall indemnify and save harmless from any and all liability of any kind incurred by or imputed to Buyer under Section 5, "Fraudulent Claims," of the Contract Disputes Act of 1978, as amended, if Seller is unable to support any part of its claim and it is determined that such inability is attributable to fraud or misrepresentation of fact on the part of Seller.
- C. Pending any prosecution, appeal, or final decision or settlement of any dispute arising under this purchase order, the Seller shall proceed diligently, as directed by Buyer, with the performance of this purchase order.
- D. Nothing in this clause nor any authorization or offer that may be made shall be deemed to constitute acceptance or acknowledgment by Buyer of the validity of Seller's claim or any part thereof, nor be deemed to limit or in any way restrict Buyer from taking any actions, including available remedies, it deems appropriate to protect its own interests.
- E. As used in this clause, the word "appeal" means an appeal taken under the contract Disputes Act of 1978, as amended.

9. **52.203-12 Limitation on Payments to Influence Certain Federal Transactions. (Applicable to all subcontracts over the Simplified Acquisition Threshold) (Oct 2010)**

(a) Definitions. As used in this clause—

"Agency" means "executive agency" as defined in Federal Acquisition Regulation (FAR) 2.101. "Covered Federal action" means any of the following actions:

- (1) Awarding any Federal contract.
- (2) Making any Federal grant.
- (3) Making any Federal loan.
- (4) Entering into any cooperative agreement.
- (5) Extending, continuing, renewing, amending, or modifying any Federal contract, grant, loan, or cooperative agreement.
- (6) "Indian tribe" and "tribal organization" have the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b) and include Alaskan Natives.

"Influencing or attempting to influence" means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

"Local government" means a unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

"Officer or employee of an agency" includes the following individuals who are employed by an agency:

- (1) An individual who is appointed to a position in the Government under Title 5, United States Code, including a position under a temporary appointment.
- (2) A member of the uniformed services, as defined in subsection 101(3), Title 37, United States Code.

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(3) A special Government employee, as defined in section 202, Title 18, United States Code.

(4) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, Title 5, United States Code, appendix 2.

"Person" means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization eligible to receive Federal contracts, grants, cooperative agreements, or loans from an agency, but only with respect to expenditures by such tribe or organization that are made for purposes specified in paragraph (b) of this clause and are permitted by other Federal law.

"Reasonable compensation" means, with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.

"Reasonable payment" means, with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.

"Recipient" includes the Contractor and all subcontractors. This term excludes an Indian tribe, tribal organization, or any other Indian organization eligible to receive Federal contracts, grants, cooperative agreements, or loans from an agency, but only with respect to expenditures by such tribe or organization that are made for purposes specified in paragraph (b) of this clause and are permitted by other Federal law.

"Regularly employed" means, with respect to an officer or employee of a person requesting or receiving a Federal contract, an officer or employee who is employed by such person for at least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

"State" means a State of the United States, the District of Columbia, or an outlying area of the United States, an agency or instrumentality of a State, and multi-State, regional, or interstate entity having governmental duties and powers.

(b) Prohibition. 31 U.S.C. 1352 prohibits a recipient of a Federal contract, grant, loan, or cooperative agreement from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal actions. In accordance with 31 U.S.C. 1352 the Contractor shall not use appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the award of this contract the extension, continuation, renewal, amendment, or modification of this contract.

(1) The term appropriated funds does not include profit or fee from a covered Federal action.

(2) To the extent the Contractor can demonstrate that the Contractor has sufficient monies, other than Federal appropriated funds, the Government will assume that these other monies were spent for any influencing activities that would be unallowable if paid for with Federal appropriated funds.

(c) ) Exceptions. The prohibition in paragraph (b) of this clause does not apply under the following conditions:

(1) Agency and legislative liaison by Contractor employees.

(i) Payment of reasonable compensation made to an officer or employee of the Contractor if the payment is for agency and legislative liaison activities not directly related to this contract. For purposes of this paragraph, providing any information specifically requested by an agency or Congress is permitted at any time.

(ii) Participating with an agency in discussions that are not related to a specific solicitation for any covered Federal action, but that concern—

(A) The qualities and characteristics (including individual demonstrations) of the person's products or services, conditions or terms of sale, and service capabilities; or

(B) The application or adaptation of the person's products or services for an agency's use.

(iii) Providing prior to formal solicitation of any covered Federal action any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered Federal action;

(iv) Participating in technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and

(v) Making capability presentations prior to formal solicitation of any covered Federal action by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507, and subsequent amendments.

(2) Professional and technical services.

(i) A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action.

(ii) Any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action if the payment is

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for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action. Persons other than officers or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(iii) As used in paragraph (c)(2) of this clause, "professional and technical services" are limited to advice and analysis directly applying any professional or technical discipline (for examples, see FAR 3.803(a)(2)(iii)).

(iv) Elements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation and any other requirements in the actual award documents.

(3) Only those communications and services expressly authorized by paragraphs (c)(1) and (2) of this clause are permitted.

(d) Disclosure.

(1) If the Contractor did not submit OMB Standard Form LLL, Disclosure of Lobbying Activities, with its offer, but registrants under the Lobbying Disclosure Act of 1995 have subsequently made a lobbying contact on behalf of the Contractor with respect to this contract, the Contractor shall complete and submit OMB Standard Form LLL to provide the name of the lobbying registrants, including the individuals performing the services.

(2) If the Contractor did submit OMB Standard Form LLL disclosure pursuant to paragraph (d) of the provision at FAR 52.203-11, Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, and a change occurs that affects Block 10 of the OMB Standard Form LLL (name and address of lobbying registrant or individuals performing services), the Contractor shall, at the end of the calendar quarter in which the change occurs, submit to the Contracting Officer within 30 days an updated disclosure using OMB Standard Form LLL.

(e) Penalties.

(1) Any person who makes an expenditure prohibited under paragraph (b) of this clause or who fails to file or amend the disclosure to be filed or amended by paragraph (d) of this clause shall be subject to civil penalties as provided for by 31 U.S.C. 1352. An imposition of a civil penalty does not prevent the Government from seeking any other remedy that may be applicable.

(2) Contractors may rely without liability on the representation made by their subcontractors in the certification and disclosure form.

(f) Cost allowability. Nothing in this clause makes allowable or reasonable any costs which would otherwise be unallowable or unreasonable. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any other provision.

(g) Subcontracts.

79. (1) The Contractor shall obtain a declaration, including the certification and disclosure in paragraphs (c) and (d) of the provision at FAR 52.203-11, Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, from each person requesting or receiving a subcontract exceeding \$150,000 under this contract. The Contractor or subcontractor that awards the subcontract shall retain the declaration.

(2) A copy of each subcontractor disclosure form (but not certifications) shall be forwarded from tier to tier until received by the prime Contractor. The prime Contractor shall, at the end of the calendar quarter in which the disclosure form is submitted by the subcontractor, submit to the Contracting Officer within 30 days a copy of all disclosures. Each subcontractor certification shall be retained in the subcontract file of the awarding Contractor.

(3) The Contractor shall include the substance of this clause, including this paragraph (g), in any subcontract exceeding \$150,000.

The Parties have executed this Agreement as of the last date signed below:

|         |         |
|---------|---------|
| BUYER:  | SELLER: |
| Signed: | Signed: |
| Name:   | Name:   |
| Title:  | Title:  |
| Date    | Date:   |