

AWARD/CONTRACT		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350) <input checked="" type="checkbox"/>	RATING	PAGE 1 OF 1 PAGES
2. CONTRACT (Proc. Inst. Ident.) NO. HSTS02-04-C-RET002		3. EFFECTIVE DATE SEE BLK 20C	4. REQUISITION/PURCHASE REQUEST/PROJECT NO. PREQ-RET-002	
5. ISSUED BY DHS, TRANSPORTATION SECURITY ADMIN ARLINGTON, VA 22202		CODE	6. ADMINISTERED BY (If other than Item 5) SAME AS BLOCK 5	

7. NAME AND ADDRESS OF CONTRACTOR (No. street, county, state and ZIP Code) UNISYS CORPORATION 1200 S. HAYES STREET SUITE 900 ARLINGTON, VA 22202		8. DELIVERY <input type="checkbox"/> FOB ORIGIN <input type="checkbox"/> OTHER (See below)
		9. DISCOUNT FOR PROMPT PAYMENT
CODE		10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: <input type="checkbox"/> ITEM
FACILITY CODE		

11. SHIP TO/MARK FOR CODE	12. PAYMENT WILL BE MADE BY CODE
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13. AUTHORITY FOR USING OTHER FULL AND OPEN COMPETITION: <input type="checkbox"/> 10 U.S.C. 2304(c) () <input type="checkbox"/> 41 U.S.C. 253(c) ()	14. ACCOUNTING AND APPROPRIATION DATA SEE SECTION G.3
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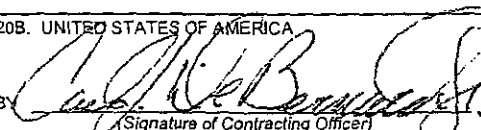
15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	SEE PAGE 2				

15G. TOTAL AMOUNT OF CONTRACT \$ 2,445,578

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(✓) SEC.	DESCRIPTION	PAGE(S)	(✓) SEC.	DESCRIPTION	PAGE(S)
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CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. <input checked="" type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 2 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	18. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____ including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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19A. NAME AND TITLE OF SIGNER (Type or print) Thomas D. Morgan Contracts Manager	20A. NAME OF CONTRACTING OFFICER Carl J. DeBernard, Jr.
19B. NAME OF CONTRACTOR  (Signature of person authorized to sign)	20B. UNITED STATES OF AMERICA  (Signature of Contracting Officer)
19C. DATE SIGNED June 16, 2004	20C. DATE SIGNED 6-16-04

SECTION A - SOLICITATION FORM

The Government hereby awards a Cost Plus Fixed Fee (CPFF) completion contract to Unisys Corporation of Arlington, VA for the services described in Section C of this solicitation.

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

ITEM	DESCRIPTION	QTY	TOTAL EST. AMOUNT
0001	Conduct RT Pilot at 3 airports utilizing "AirGap" solution.	Lot	\$ 2,087,579
	TOTAL EST. COST: \$ 1,969,414		
	FIXED FEE: 118,165		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 2,087,579		
0002	Materials (No Fee)		207,999
0003	Travel (No Fee)		NTE \$150,000
0004	Data for CLINs 0001, 0002, and 0003		NSP
	OPTION		
0005	Conduct RT Pilot at TBD airport utilizing wireless solution.	Lot	\$ 1,052,284
	TOTAL EST. COST: \$ 992,721		
	FIXED FEE: 59,563		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 1,052,284		\$
0006	Materials (No Fee)		69,333
0007	Travel (No Fee)		NTE \$75,000
0008	Data for CLINs 0005, 0006, and 0007		NSP

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0001 is 6.0%. The Government shall make payments on account of the fixed fee equal to 6.0% of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 and "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed 85% of the fixed fee. In the event of discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0005 (if exercised) is 6.0%. The Government shall make payments on account of the fixed fee equal to 6.0% of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 and "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed 85% of the fixed fee. In the event of discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

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SECTION C - STATEMENT OF WORK

Registered Traveler Pilot

1. OVERVIEW

The Transportation Security Administration (TSA) intends to conduct a Registered Traveler (RT) Pilot at a limited number of airports beginning in June 2004. The RT Pilot will assess improvements in security and enhancements in customer service for Registered Travelers. TSA envisions that the RT Pilot will be voluntary in nature and offer qualified participants an expedited travel experience. Qualified participants typically will be frequent travelers who meet eligibility criteria and who agree to provide personal information to TSA that may be used as part of a security assessment check.

The RT Pilot will utilize fingerprint and iris-scan biometric technologies for identity verification to enhance security and efficiency. Proposed biometric systems shall be currently operational, highly accurate, cost effective, and capable of confirming the identities of large populations, all within significant time constraints.

In addition to biometrics, the RT Pilot will have systems integration and tactical operations components. The systems integration component will entail establishing the information technology system to fully integrate biometric identification with the results of security assessments to ensure fast, secure and reliable identification and status at the airport checkpoint. The Government will conduct the security assessments and pass results daily to each pilot location via encrypted email. The tactical operations component will entail enrollment of volunteers, card issuance and activation, passenger verification, vetting, and assistance at the designated RT Pilot screening sites (based on Government provided security assessment results).

2. SCOPE

The contractor will be tasked to provide: program management, biometric, integration, and tactical operations support to the RT Pilot at up to five airports. The RT Pilot will begin at the end of June 2004 at a designated airport location and will be launched in succession at subsequent airport locations. The RT Pilot shall last approximately 90 days per location and it is anticipated that each pilot location will enroll and support up to 3,000 participants. The RT Pilot will apply to domestic travelers. The contractor will be required to provide *15 by 5 coverage*¹ for each selected airport. Approximately one terminal will be selected at each airport; the contractor will be required to provide coverage for one enrollment station and up to two checkpoints at each selected terminal.

¹ During the pilot, coverage will be required on a 15 hour (5:00 AM to 8:00 PM); five day (Monday through Friday) a week basis. NOTE: Some of the selected airports may have limited flight operating hours and, therefore, require coverage below the 15 hour level.

3. GENERAL REQUIREMENTS

TSA seeks contractors to provide a complete solution and integrated approach to the RT Pilot. The services proposed should meet and/ or exceed the TSA-defined program objectives in the following key areas:²

- Program Management
- Biometrics
- Tactical Operations
- Systems Integration

Detailed requirements are outlined below in section 4.

Pilot locations will be selected by TSA and announced at a later date.

4. TECHNICAL REQUIREMENTS

4.1 Program Management.

4.1.1. Project Management Plan. Provide a Project Management Plan (PMP), which details the contractor's pilot approach. The PMP shall cover: project scope, tasks, high-level schedule and milestones, allocated resources, team organization, and team responsibilities.

4.1.2. Pilot Work Breakdown Structure (PWBS). Provide a detailed PWBS that will be used for the day-to-day management of the pilot. The PWBS shall include all important products and tasks regardless of whether these tasks are performed by the contractor or the Government. The PWBS shall reflect the pilot's complete life cycle.

4.1.3. Pilot Master Schedule. Provide a detailed project schedule, which describes: tasks, task durations, resource availability, milestones, and constraints throughout the pilot's life cycle.

4.1.4. Performance Metrics Plan. Provide a list of key performance metrics associated with the pilot. Metrics shall be developed to cover all critical aspects of the pilot including biometrics, systems integration, and tactical operations.

4.1.5. Pilot Status Reports. The contractor shall provide daily e-mail summaries reflecting pertinent program numbers (enrollment etc.). In addition, the contractor shall provide weekly status reports describing: activities, issues, performance metrics, and progress against the approved master schedule.

² Key areas of requested contract support were originally outlined in the Registered Traveler Pilot Combined Solicitation Synopsis published on April 5, 2004.

4.1.6. Project Staffing Plan. Provide a detailed staffing plan that describes contractor staffing. The staffing plan should identify resources at all locations involved in the pilot (i.e. staffing at airport check points, staffing at contractor facility (ies), etc.). The staffing plan shall also identify how resources will be deployed to support the required *15 by 5* coverage at the airports.

4.1.7. Risk Management Plan (RMP). Identify a range of pilot risks and describe proposed methodologies for reducing or mitigating those risks. At a minimum, the RMP must describe methods for reducing risks associated with: hardware failure, software failure; power failure, data loss, and other areas that could have a negative impact on the pilot.

4.1.8. Pilot Summary Report. Provide a detailed lessons learned report upon completion of the pilot. The report shall describe the outcome of the pilot and highlight any issues and lessons learned based on the project. NOTE: A summary report is required for each pilot location.

4.2 Biometrics.

4.2.1. Biometric Technology Application. Contractor shall propose biometric technology to satisfy the needs of the RT Pilot Program. The proposed biometric should take into consideration the enrollment process (throughput, failure to enroll issues, backup strategy for failed enrollments, multiple modality, duplicate enrollment checks, passenger training requirements, and support staffing) and checkpoint identity verification (throughput, error rates, verification policies (i.e. multiple attempts), fallback procedures (in the event of non-match), installed versus portable readers, and level of support/staffing. The proposed biometric, to the maximum extent practicable, shall be conform with current and emerging national standards related to biometrics, to include but not limited to:³

- ANSI/INCITS 358-2002 - Information Technology - BioAPI (Application Program Interface) Specification, allowing for communication between the biometric device or sensor and the host processor that is interfaced with the sensor.
- ANSI/INCITS 378-200x -- Information Technology -- Finger Minutiae Format for Data Interchange
- ANSI/INCITS 377-200x -- Information Technology Finger Pattern-Based Format for Data Interchange
- ANSI/INCITS 379-200x -- Information Technology -- Iris Image Interchange Format

³ ANSI stands for the American National Standards Institute. INCITS stands for the International Committee for Information Technology Standards. Emerging standards are considered to be those that are currently under review or in an approval process.

- ANSI/INCITS 381-200x – Information Technology – Finger Image Based Format for Data Interchange
- NISTIR 6529-A - Common Biometric Exchange Formats Framework (CBEFF)⁴

4.2.2. Biometric Device Procurement. The contractor shall acquire all necessary biometric sensors, software, licenses, and any other necessary services required.

4.2.3. Operate and Maintain Biometric Systems in Fully Operational Airport Environment. Deployed systems shall be used to read the biometric, match the biometric information (template) on the token/credential to the biometric sample presented by the individual, and positively identify the Registered Traveler at the checkpoint. The biometric sample will then be matched to the biometric information in the daily security assessment file and receive a “go” or “no go” response. This biometric verification must be accomplished in less than 2 seconds and not have a negative impact on checkpoint security throughput. The Government reserves the right to conduct one or more pilot tests without using a token or credential.

4.2.4. Remove Biometric System Upon Conclusion of RT Pilot Operations. Contractor shall remove all RT Pilot equipment and related materials upon completion of project.

4.3 Tactical Operations: The Government will pursue various options for the RT pilot including the following: Government issued credential, a vendor supplied credential, and a third scenario whereby no credential would be issued. The Government reserves the right to determine which option(s) will be tested at each location.

4.3.1. Enrollment Processing. Provide enrollment support to RT participants at the designated airport processing site. Ensure completion of enrollment forms and maintain an electronic copy of the completed form for future review. NOTE: A standard (M.S. Excel-based) enrollment form shall be provided by the Government.

4.3.2. Biometric Capture. Interface with the RT participant at the designated airport enrollment processing site and capture required biometrics. Collection of both an iris-scan and fingerprints (two-print fingerprints will be the standard for this pilot) will be required.

4.3.3. Transfer Data from Approved traveler to Token/Credential. Transfer biographic and biometric data to the specified token or credential, regardless of issuer. The token or credential may or may not be supplied by the Government. The dual biometrics shall be encoded on the credential.

⁴ CBEFF refers to interface standardization, packing of data in messages between and among processors / servers as part of the overall biometric system implementation.

4.3.4. Issue Token/Credential to Registered Traveler. Provide the traveler with a “non-activated” token/credential.⁵ Contractors must be able to incorporate biometric data on Government and non-Government issued cards.

Credentials not issued by the Government must meet the following specifications:

- Solution should be interoperable with existing Federal credentialing systems, using the GSC-IS interoperability specification.

Standards (as applicable)

- National Institute of Science and Technology (NIST).
- Federal Information Processing Standards 140.
- Government Smart Card Interoperability Specification, v2.1 or higher.
- International Organization for Standardization (e.g. ISO 7810, 7816, 14443, 15693, etc.).
- Security Equipment Integration Working Group (SEIWG 012).
- Global Platform
- American National Standards Institute/International Committee on Information Technology Standards (ANSI/INCITS) (i.e., INCITS 383)

Durability:

- Any contact or contactless solution, and the technologies it houses, will survive normal wear and tear consistent with ISO standards and industry best practices.

The contractor must provide a unique personal identification number (PIN) for each applicant enrolled. The PIN will be used by the travelers when they phone the RT Pilot Customer Service Hotline (see section 4.3.9.)

In addition, each token/credential must be assigned a unique identifier that links the token/credential to an individual record within the security assessment database. The Government will work with vendors to determine the appropriate unique identifier methodology.

Each card must be tested prior to issuance to the traveler to ensure that the card is operational and the traveler’s data has been successfully stored.

4.3.5. Conduct Token-less/Credential-less Enrollment. Prepare a token-less/credential-less RT solution. Travelers will be processed in the same manner as travelers being issued tokens/credentials; however, no token or credential will be issued.

4.3.6. Forward Daily Enrollment Data. Prepare and forward a daily enrollment file⁶. The daily enrollment file will be sent to a designated Government email address and will be used to conduct the Government’s security assessment.

⁵ Note that the Government may or may not provide the Registered Traveler token/credential.

⁶ The Government will provide a standardized template to be used for the daily enrollment files being prepared at each pilot location. The template will be M.S. Excel-based and will be a derivative of the Government provided enrollment form.

4.3.7. Receive Security Assessment Results. Receive daily security assessment file and upload information into enrollment and checkpoint systems. The contractor will load security assessment results into their systems to be used for enrolling and vetting travelers. Security assessment data shall be transferred using a Government provided M.S. Excel file⁷.

4.3.8. Enroll Participants in the Registered Traveler Program and Activate Token/Credential. Upon receipt of a favorable Government security assessment, enroll travelers into the RT Pilot Program and activate tokens/credentials. Once approved by TSA, email⁸ a notification to the travelers (using a Government provided form-letter) stating that their registration in the RT pilot has been confirmed and that their cards have been activated. For tokenless process identified in section 4.3.5, applicants would still need to be notified of acceptance into the RT Pilot.

4.3.9. RT Pilot Customer Service Hotline. Provide and operate a customer service hotline. Each enrollment processing site will serve as a RT Pilot Customer Service Center for travelers enrolling from that location⁹. The customer service center will operate a local number telephone hotline for each Pilot location that will be used to inform travelers of their enrollment status. The hotline shall be manned 15 by 5. The contractor will provide RT status information after verifying the caller's identity using the contractor provided PIN. The contractor will provide the following status information: 1) the traveler is enrolled and his/her token/credential is activated or tokenless enrollment is accepted, 2) the traveler's status is "pending," or 3) the traveler cannot be enrolled in the RT Pilot. In the event a RT applicant cannot be enrolled, the customer service center will provide the traveler with a Government contact who may address questions.

4.3.10. Passenger Assistance. Assist Registered Traveler throughput at specified checkpoints, working in cooperation with TSA, airport, air carrier and/or other third party personnel.

4.3.11. Passenger Verification. Verify traveler's identity at the designated checkpoint using biometrics.

4.3.12. Passenger Vetting. Provide a near-real time "go, no-go" status for the traveler.

⁷ Daily security assessment results will arrive using the same M.S. Excel file mentioned in section 4.3.5.

⁸ Travelers who do not provide an email address on their applications can utilize the hotline to check on the status of their applications.

⁹ The contractor will establish a customer service hotline (the contractor will provide a local phone number for the hotline) and provide phone coverage from 5:00AM to 8:00PM, Monday through Friday.

4.4 Systems Integration.

4.4.1. Integrated System to Transmit Traveler Data. Develop an integrated system to transmit traveler data between Government databases and RT workstations at selected airport locations.

4.4.1.1. Provide Encrypted Data Transfer between RT Workstations and Government Network. The contractor shall use an "Air Gap"¹⁰ solution for passing data/files. All data being "Air Gapped" between the contractor's workstations and the TSA network (located at or in the proximity of the pilot location) shall be encrypted¹¹. Encryption software shall be provided by the Contractor and shall be in accordance with industry best practices and NIST guidelines. Encryption shall be used whenever transferring data "To" and "From" the TSA network and the contractor's workstations¹². The contractor is required to provide workstations with removable hard drives. These hard drives will be stored when not attended according to Security Sensitive Information (SSI) Government standards.).

4.4.1.2. Provide an End-to-End, Over the Air Encryption Solution. Provide a wireless communication solution at the pilot location(s). If the Government decides to exercise this option, the contractor shall provide end-to-end, over the air encryption following NIST guidelines for the implementation of DES (Data Encryption Standard) as defined in FIPS 46-3 (Federal Information Processing Standards) or AES (Advanced Encryption Standard) encryption. Wireless systems must be able to maintain signal quality through various architectural structures and provide data integrity, error correction and validation of data transmission. Wireless operating frequencies shall not interfere with airport electronic devices and or communication equipment. The system should provide scalability to accommodate various WAN/LAN technologies. Currently, the only wireless platform that has been tested and approved by the TSA in an airport environment is the Motorola Canopy Platform. Any other wireless platform would be subject to TSA and ITSO review and approval.

4.4.2. Develop a System to Activate and Deactivate Tokens/Credentials. The contractor shall provide a method to deactivate lost or damaged tokens/credentials. The contractor shall also develop a plan to notify the Government when a credential is deactivated. To mitigate security risks, the token/credential shall have an expiration date that shall not extend beyond the pilot's operating period for each pilot location. The token will automatically be deactivated upon its expiration date.

¹⁰ The term "Air Gap" refers to a method for passing data using removable media (i.e., CDs, memory sticks) that can be loaded directly into a computer workstation and does NOT utilize networks, wireless, or wire-based communications infrastructure for data transfer.

¹¹ The Government plans to pass and receive data from the contractor using an established TSA network workstation. Ensure all data transmissions are properly encrypted following standard best practices and any applicable NIST guidelines. Ensure data stored on pilot workstations are protected according to industry best practices including, but not limited to, FISMA, NIST and Privacy.

¹² The contractor is required to meet all Government requirements for the handling and storage of Security Sensitive Information (SSI).

4.4.3. Provide System-Wide Integration. Ensure all elements of the overall system; enrollment, tactical operations and technical system (biometric and IT), operate in a fully integrated and seamless manner.

4.4.4. Provide Near Real Time Biometric Matching Capability. Provide a near real time biometric match and security assessment capability. Ensure identity verification and security vetting does not adversely affect passenger security checkpoint throughput.

4.4.5. Provide System Redundancy and Backup. Ensure provided technology is fail-safe and includes adequate redundancy and back-up capability.

5. GOVERNMENT FURNISHED ITEMS

The Government will provide the security assessments and server platform for the RT Pilot program.

The Government shall provide a standard M.S. Excel-based Enrollment Form for use at each pilot enrollment station.

The Government shall provide a standard M.S. Excel-based Enrollment File (this file will be a derivative of the Enrollment Form mentioned above) that will be transferred to the Government for use in the security assessment. Results from the Government security assessment will be returned using this form as well.

The Government may or may not provide the Registered Traveler token/credential. Contractors must be able to incorporate biometric data on a Government issued card. Card specifications are referenced in section 4.3.4.

The Government, in conjunction with specific air carriers, airport partners and key stakeholders, is responsible for obtaining sufficient RT Pilot participants.

6. CONTRACTOR FURNISHED ITEMS

The contractor shall furnish the necessary personnel, materials, services, equipment, and otherwise do all things necessary for and incident to providing RT Pilot support to TSA.

7. PLACE OF PERFORMANCE

The RT pilot will be conducted at the following airports: Minneapolis St. Paul (MSP), Los Angeles International (LAX) and Houston George Bush Intercontinental Airport (IAH).

8. TRAVEL

Travel to support the RT pilot may be required. Reimbursements for travel will be made in accordance with Federal Travel Regulations. All travel must be pre-approved by the COTR.

9. MATERIALS/RECORD MAINTENANCE: All materials and records collected shall be handled in accordance with DHS Management Directive 11042 provided as Attachment 1.

9.1 All RT Pilot correspondence (logs, electronic files, etc.) used in this project are the property of the TSA and are to be used solely for performing work described in this SOW. The contractor shall not: use, disclose, distribute, destroy, or dispose of these materials except as described in this SOW or as directed by the COTR.

9.2 RT Pilot databases involving these documents, are covered by the Privacy Act and must be maintained in accordance with Privacy Act requirements.

9.3 The contractor shall make and maintain an electronic copy of all applicant information received and issued. Electronic copies shall be provided to TSA at the end of the contract or when requested by the COTR. Transfer will be conducted using CDs. Other media may be used at the discretion of the COTR.

9.4 The contractor shall backup files and data. In the event that files or data for this project are lost or destroyed by the contractor, the contractor is responsible for obtaining or recreating the data at no cost to TSA.

9.5 Upon completion of the contract, the contractor shall submit all RT Pilot correspondence and databases to TSA in accordance with instructions from the COTR. When TSA has received and accepted these materials, the contractor shall purge information involving the pilot from the contractor's system of records and databases. The purge is required to ensure that information from the pilot is never used, in whole or in part, for purposes other than those described in this SOW.

10. DELIVERABLES AND SCHEDULE OF DELIVERY

The itemized deliverables listed below should be prepared for Minneapolis St. Paul (MSP). LAX and IAH shall begin RT Pilot operations July 13, 2004 and July 28, 2004 respectively. All other deliverables identified in the table below and required for LAX and IAH shall be mutually agreed between the Government and Contractor.

DELIVERABLES	Section Ref:	DELIVERY SCHEDULE
10.1 Project Management Plan	4.1.1.	Within 3 business days after contract award.
10.2 PWBS	4.1.2.	Within 3 business days after contract award.
10.3 Pilot Master Schedule	4.1.3.	Within 3 business days after contract award.
10.4 Performance Metrics Plan	4.1.4.	Within 5 business days after contract award.
10.5 Daily Status Reports	4.15	Upon pilot launch, every Business day via email.
10.6 Weekly Status Reports	4.1.5.	The fifth business day after pilot launch and weekly thereafter.
10.7 Project Staffing Plan	4.1.6.	Within 5 business days after contract award.
10.8 Risk Management Plan (RMP)	4.1.7.	Within 7 business days after contract award.
10.9 Pilot Summary Report	4.1.8.	Within 5 business days after completion of Pilot Operations. NOTE: A summary report is due covering each pilot airport location.
10.10 Begin RT Pilot Operations at designated airport	4.	MSP - June 27, 2004

SECTION D – PACKAGING AND MARKING

All data items shall be packed and marked in accordance with standard commercial practice.

SECTION E - INSPECTION AND ACCEPTANCE

**3.10.4-4 Inspection Of Services - Both Fixed-Price & Cost Reimbursement
(February 2003)**

- (a) 'Services,' as used in this clause, includes services performed, workmanship, and material furnished or utilized in the performance of services.
- (b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.
- (c) The Government has the right to inspect and test all services called for by the contract, to the extent practicable at all times and places during the term of the contract. The Government shall perform inspections and tests in a manner that will not unduly delay the work.
- (d) If the Government performs inspections or tests on the premises of the Contractor or a subcontractor, the Contractor shall furnish, and shall require subcontractors to furnish, without additional charge if a fixed-price contract, all reasonable facilities and assistance for the safe and convenient performance of these duties.
- (e) If any of the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount, or if a cost reimbursement type contract, for no additional fee. When the defects in services cannot be corrected by reperformance, the Government may:
 - (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and
 - (2) reduce the contract price, or any fee payable under the contract, to reflect the reduced value of the services performed.
- (f) If the Contractor fails to promptly perform the services again or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may!
 - (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service, (or if a cost reimbursement contract, reduce any fee payable by an amount that is equitable under the circumstances), or
 - (2) terminate the contract for default.

(End of clause)

SECTION F – DELIVERY/PERIOD OF PERFORMANCE

Place of Performance

Airport	Begin Pilot	Conclude Pilot
MSP	June 27, 2004	September 27, 2004
LAX	July 13, 2004	October 13, 2004
IAH	July 28, 2004	October 28, 2004

Period Of Performance

CLINs 0001 through 0004 shall commence upon contract award and continue for a period of 180 days.

CLINs 0005 through 0008 (if exercised) shall commence upon date of option exercise and continue for a period of 180 days.

3.10.1-9 Stop-Work Order (February 2003)

(a) The Contracting Officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of 90 days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of 90 days after a stop-work order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the Contracting Officer shall either--

(1) Cancel the stop-work order; or

(2) Terminate the work covered by the order as provided in the termination for default or the termination for convenience clause of this contract.

(b) If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule or contract price, or both, and the contract shall be modified, in writing, accordingly, if-

(1) The stop-work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract; and

(2) The Contractor asserts its right to the adjustment within 30 days after the end of the period of work stoppage; provided, that, if the Contracting

Officer decides the facts justify the action, the Contracting Officer may receive and act upon a claim submitted at any time before final payment under this contract.

(c) If a stop-work order is not canceled, and the work covered by the order is terminated for the convenience of the Government, the Contracting Officer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.

(d) If a stop-work order is not canceled and the work covered by the order is terminated for default, the Contracting Officer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

(End of clause)

3.10.1-11 Government Delay of Work (February 2003)

(a) If the performance of all or any part of the work of this contract is delayed or interrupted (1) by an act of the Contracting Officer in the administration of this contract that is not expressly or impliedly authorized by this contract, or (2) by a failure of the Contracting Officer to act within the time specified in this contract, or within a reasonable time if not specified, an adjustment (excluding profit) shall be made for any increase in the cost of performance of this contract caused by the delay or interruption and the contract shall be modified in writing accordingly. Adjustment shall also be made in the delivery or performance dates and any other contractual term or condition affected by the delay or interruption. However, no adjustment shall be made under this clause for any delay or interruption to the extent that performance would have been delayed or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an adjustment is provided or excluded under any other term or condition of this contract.

(b) A claim under this clause shall not be allowed:

(1) for any costs incurred more than 20 days before the Contractor shall have notified the Contracting Officer in writing of the act or failure to act involved, and

(2) unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the delay or interruption, but not later than the day of final payment under the contract.

(End of clause)

3.10.1-24 Notice of Delay (February 2003)

If the Contractor becomes unable to complete the contract work at the time(s) specified because of technical difficulties, notwithstanding the exercise of good faith and diligent efforts in the performance of the work called for hereunder, the Contractor shall give the Contracting Officer written notice of the anticipated delay and the reasons therefore. Such notice and reasons shall be delivered promptly after the condition creating the anticipated delay becomes known to the Contractor, but in no event less than forty-five

(45) days before the completion date specified in this contract, unless otherwise directed by the Contracting Officer. When the notice is required, the Contracting Officer may extend the time specified in the Schedule for the period determined in the best interest of the Government.

SECTION G - CONTRACT ADMINISTRATION DATA

1. Contract Administration Data

CONTRACTING OFFICER	C.J. DeBernard	(571) 227-3954
CONTRACTING OFFICER'S REPRESENTATIVE	TDB	
CONTRACTOR'S REPRESENTATIVE	Tom Morgan	(703) 862-4594

2. Invoicing

- a) Attention should be directed to Clause 3.3.1-17 entitled "Prompt Payment", which is incorporated into this contract by the applicable general provision in Section I herein. Furthermore, this provision shall be read and applied as modified herein.
- b) The contractor shall submit proper invoices/vouchers in an original and three copies of each invoice to TSA's address below.

Transportation Security Administration
601 South 12th Street
Mail Stop RT-14A
Arlington, VA 22202

- c) The Government shall pay the contractor, upon submission of proper invoices to the COR, the prices stipulated in this contract for work delivered or rendered and accepted less any deductions provided in the contract.

3. Accounting and Appropriation Data

CLIN	Accounting and Appropriation Data	
0001	05AV000000-2004-1A2BAOPA10-1L00000000-25305	\$2,087,579
0002	05AV000000-2004-1A2BAOPA10-1L00000000-25305	\$207,999
0003	05AV000000-2004-1A2BAOPA10-1L00000000-25305	\$150,000

SECTION H – Contract Special Terms and Conditions

1.0 Contracting Officer Authority

In no event shall any understanding or agreement between the Contractor and any Government employee other than the Contracting Officer on any contract, modification, change order, letter or verbal direction to the Contractor be effective or binding upon the Government. All such actions must be formalized by a proper contractual document executed by an appointed Contracting Officer. The Contractor is hereby put on notice that in the event a Government employee other than the Contracting Officer directs a change in the work to be performed or increases the scope of the work to be performed, it is the Contractor's responsibility to make inquiry of the Contracting Officer before making the deviation. Payments will not be made without being authorized by an appointed Contracting Officer with the legal authority to bind the Government.

2.0 Authorized Changes Only By The Contracting Officer

(a) Except as specified in paragraph (b) below, no order, statement, or conduct of Government personnel who visit the contractor's facilities or in any other manner communicates with contractor personnel during the performance of this contract shall constitute a change under the "Changes" clause of this contract.

(b) The Contractor shall not comply with any order, direction or request of Government personnel unless it is issued in writing and signed by the Contracting Officer, or is pursuant to specific authority otherwise included as a part of this contract.

(c) The Contracting Officer is the only person authorized to approve changes in any of the requirements of this contract and notwithstanding provisions contained elsewhere in this contract, the said authority remains solely the Contracting Officer's. In the event the contractor effects any change at the direction of any person other than the Contracting Officer, the change will be considered to have been made without authority and no adjustment will be made in the contractor price to cover any increase in charges incurred as a result thereof. The address and telephone number of the Contracting Officer is:

Name: C.J. DeBernard
Address: Department of Homeland Security
Transportation Security Administration
Office of Acquisition, TSA-25
701 South 12th Street
Arlington, VA 22202
Telephone: (571) 227-3954

3.0 Contracting Officer's Technical Representative

(a) The Contracting Officer may designate other Government personnel (known as the Contracting Officer's Technical Representative) to act as his or her authorized representative for contract administration functions, which do not involve changes to the scope, price, schedule, or terms and conditions of the contract. The designation will be in writing, signed by the Contracting Officer, and will set forth the authorities and limitations of the representative(s) under the contract. Such designation will not contain authority to sign contractual documents, order contract changes, modify contract terms, or create any commitment or liability on the part of the Government different from that set forth in the contract.

(b) The Contractor shall immediately contact the Contracting Officer if there is any question regarding the authority of an individual to act on behalf of the Contracting Officer under this contract.

(End of clause)

4.0 TSAM 3.2.4-35 Option to Extend the Term of the Contract (February 2003)

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

i Option 1, if exercised, shall be exercised on or before 180 days from date of contract award.

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

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 360 days.

(End of clause)

5.0 Substitution Of Personnel

(a) The Contractor agrees that a partial basis for award of this contract is the list of key personnel proposed. Accordingly, the contractor agrees to assign to this contract those key persons whose actual and not representational resumes were submitted with the proposal necessary to fulfill the requirements of the contract for a period of at least 90 days from the date of contract award. No substitution shall be made without prior notification to a concurrence of the Contracting Officer in accordance with this requirement.

(b) All proposed substitutes shall have qualifications equal to or higher than the qualifications of the person to be replaced. The Contracting Officer shall be notified in writing of any proposed substitution at least forty-five (45) days, or ninety (90) days if a security clearance is to be obtained, in advance of the proposed substitution, unless good cause can be shown in writing and provided to the Government at the earliest possible date (e.g. employee tenders resignation). Such notification shall include: (1) an explanation of the circumstances necessitating the substitution; (2) a complete actual and not representational resume of the proposed substitute; and (3) any other information requested by the Contracting Officer to enable him/her to judge whether or not the Contractor is maintaining the same high quality of personnel that provided the partial basis for award.

LABOR CATEGORY	NAME
Program Executive	Larry Zmuda
Program Manager	Mark Cohn
Biometrics SME	Conor White
Tactical Operations	Kevin McGillis
Stakeholder SME	Dennis Bruce

6.0 Data Protected by the Privacy Act

Data collected under this contract that pertains to individuals will belong solely to the Government and the Contractor shall have no property rights to this data whatsoever. In addition, information pertaining to individuals gathered under any resulting contract shall only be disclosed in accordance with the terms of the Privacy Act, 5 U.S.C.552a.

SECTION I – CONTRACT CLAUSES

3.2.4-5 Allowable Cost and Payment (February 2003)

(a) Invoicing. The Government shall make payments to the Contractor when requested as work progresses, but (except for small business concerns) not more often than once every 2 weeks, in amounts determined to be allowable by the Contracting Officer in accordance with the (TSA) "Contract Cost Principles" in effect on the date of this contract and the terms of this contract (upon request, the Contracting Officer will provide a copy of the TSA Cost Principles). The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this contract. Any payments for costs under this contract, particularly for costs of Indirect Rates under paragraph (d), shall be subject to the provisions of the Limitation of Costs clause, or the Limitation of Funds clause, if applicable. The Contractor shall be responsible to manage and control the allowable cost of performance of the contract, such that payments for any allowable costs, including Indirect Rates under paragraph (d), shall not exceed the estimated cost set forth in the schedule, or the funded amount, less an allowance for fee, if the contract is incrementally funded.

(b) Reimbursing costs.

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

(i) Those costs the Contractor has incurred and recorded at the time of the request for reimbursement;

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

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

(B) Direct labor;

(C) Direct travel;

(D) Other direct in-house costs; and

(E) Properly allocable and allowable indirect costs, as shown in the records maintained by

the Contractor for purposes of obtaining reimbursement under TSA contracts; and

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

(2) Contractor contributions to any pension or other post retirement benefit, profit-sharing or employee stock ownership plan funds that are paid quarterly or more often may be included in indirect costs for payment purposes: Provided, that the Contractor pays the contribution to the fund within 30 days after the close of the period covered. Payments made 31 days or more after the close of a period shall not be included until the Contractor actually makes the payment. Accrued costs for such contributions that are paid less often than quarterly shall be excluded from indirect costs for payment purposes until the Contractor actually makes the payment.

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

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

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

(d) Final indirect cost rates.

(1) Final annual indirect cost rates and the appropriate bases shall be established for the period covered by the indirect cost rate proposal.

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

representative and Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.

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

(4) Failure by the parties to agree on a final annual indirect cost rate may be the basis of a claim under the "Contract Disputes" clause.

(e) Billing rates. Until final annual indirect cost rates are established for any period, the Government shall reimburse the Contractor at billing rates established by the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates-

(1) Shall be the anticipated final rates; and

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

(f) Quick-close-out procedures. When the Contractor and Contracting Officer agree, the quick-close-out procedures may be used.

(1) Procedures. Settlement of indirect cost rates shall apply to this contract, in advance of the determination of final indirect cost rates, if:

(i) The contract is physically complete;

(ii) The amount of unsettled indirect cost to be allocated to this contract is not more than \$500,000 and the cumulative unsettled indirect costs to be allocated to one or more contracts in a single fiscal year do not exceed 15 percent of the estimated, total unsettled indirect costs allocable to cost-type contracts for that fiscal year; and

(iii) Agreement can be reached on a reasonable estimate of allocable dollars.

(2) The settlement shall be final for this contract and no adjustment shall be made to other contracts for over- or under-recoveries of costs allocated or allocable to this contract.

(3) The settlement shall not be considered a binding precedent when establishing the final indirect costs for other contracts.

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

(h) Final payment.

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

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

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

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

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

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

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

(End of clause)

3.2.4-6 Fixed Fee (February 2003)

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

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

(End of clause)

3.2.5-1 Officials Not to Benefit (February 2003)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.

(End of clause)

3.2.5-4 Contingent Fees (February 2003)

(a) The Contractor warrants that no person or selling agency has been employed or retained to solicit or obtain this contract for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bonafide, established commercial or selling agencies employed by the contractor for the purpose of obtaining business.

(b) For breach or violation of this warranty, the Government has the right to annul this contract without liability or to deduct from the contract price or otherwise recover, the full amount of the contingent fee.

(c) Definitions.

(1) "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

(2) "Bona fide employee," as used in this clause, means a person, employed by a contractor and subject to the contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

(3) "Contingent fee," as used in this clause, means any commission, percentage brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

(4) "Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

(End of clause)

3.2.5-5 Anti-Kickback Procedures (February 2003)

(a) Definitions.

(1) "Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

(2) "Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

(3) "Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

(4) "Prime Contractor," as used in this clause, means a person who has entered into a prime contract with the United States.

(5) "Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

(6) "Subcontract," as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

(7) "Subcontractor," as used in this clause, (1) means any person, other than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.

(8) "Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

(b) The contractor warrants that it has not and will not be:

(1) Providing or attempting to provide or offering to provide any kickback;

(2) Soliciting, accepting, or attempting to accept any kickback; or

(3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.

(c)

(1) The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business relationships.

(2) When the Contractor has reasonable grounds to believe that a violation described in paragraph (b) of this clause may have occurred, the Contractor shall promptly report in writing the possible violation. Such reports shall be made to the Inspector General of the Department of Transportation or the Department of Justice.

(3) The Contractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.

(4) The Contracting Officer may

(i) offset the amount of the kickback against any moneys owed by the United States under the prime contract and/or

(ii) direct that the Prime Contractor withhold from sums owed a subcontractor under the prime contract the amount of the kickback. The Contracting Officer may order that moneys withheld under subdivision (c)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those moneys under subdivision (c)(4)(i) of this clause. In either case, the Prime Contractor shall notify the Contracting Officer when the moneys are withheld.

(5) The Contractor agrees to incorporate the substance of this clause, including subparagraph (c)(5) but excepting subparagraph (c)(1), in all subcontracts under this contract.

(End of clause)

3.2.5-6 Restrictions on Subcontractor Sales to the TSA (February 2003)

(a) Except as provided in (b) below, the Contractor shall not enter into any agreement with an actual or prospective subcontractor, nor otherwise act in any manner, which has or may have the effect of restricting sales by such subcontractors directly to the TSA of any item or process (including computer software) made or furnished by the subcontractor under this contract or under any follow-on production contract.

(b) The prohibition in (a) above does not preclude the Contractor from asserting rights that are otherwise authorized by law or regulation.

(c) The Contractor agrees to incorporate the substance of this clause, including this paragraph (c), in all subcontracts under this contract.

(End of clause)

3.2.5-8 Whistleblower Protection for Contractor Employees (February 2003)

The contractor agrees not to discharge, demote or otherwise discriminate against an employee as a reprisal for disclosing information to a Member of Congress, or an authorized official of an agency or of the Department of Justice, relating to a violation of law related to this contract (including the competition for or negotiation of a contract).

Definitions:

(1) "Authorized official of the agency" means an employee responsible for contracting, program management, audit, inspection, investigation, or enforcement of any law or regulation relating to TSA procurement or the subject matter of the contract.

(2) "Authorized official of the Department of Justice" means any person responsible for the investigation, enforcement, or prosecution of any law or regulation.

(End of clause)

3.3.1-12 Limitation of Cost (February 2003)

- (a) The parties estimate that performance of this contract, exclusive of any fee, will not cost the TSA more than (1) the estimated cost specified in the "Schedule" or, (2) if this is a cost-sharing contract, the TSA 's share of the estimated cost specified in the "Schedule". The Contractor agrees to use its best efforts to perform the work specified in the "Schedule" and all obligations under this contract within the estimated cost, which, if this is a cost-sharing contract, includes both the TSA 's and the Contractor's share of the cost.
- (b) The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe that-

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

(2) The total cost for the performance of this contract, exclusive of any fee, will be either greater or substantially less than had been previously estimated.

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

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

(1) The TSA is not obligated to reimburse the Contractor for costs incurred in excess of:

(i) the estimated cost specified in the "Schedule" or,

(ii) if this is a cost-sharing contract, the estimated cost to the TSA specified in the "Schedule";

(2) The Contractor is not obligated to continue performance under this contract (including actions under the "Termination" clause of this contract) or otherwise incur costs in excess of the estimated cost specified in the "Schedule", until the Contracting Officer:

(i) notifies the Contractor in writing that the estimated cost has been increased and

(ii) provides a revised estimated total cost of performing this contract.

If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the "Schedule".

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

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

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

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

(End of clause)

3.3.1-17 Prompt Payment (February 2003)

Notwithstanding any other payment clause in this contract, the Government will make invoice payments and contract financing payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or an electronic funds transfer is made. All days referred to in this clause are calendar days, unless otherwise specified.

(a) Invoice Payments.

(1) For purposes of this clause, invoice payment means a Government disbursement of monies to a Contractor under a contract or other authorization for supplies or services accepted by the Government. This includes payments for partial deliveries that have been accepted by the Government, final payments under T&M and labor-hour contracts, and final cost or fee payments where amounts owed have been settled between the Government and the Contractor.

(2) Except as indicated in subparagraph (a)(3) and paragraph (c) of this clause, the due date for making invoice payments by the designated payment office shall be the later of the following two events:

(i) The 30th day after the designated billing office has received a proper invoice from the Contractor.

(ii) The 30th day after Government acceptance of supplies delivered or services performed by the Contractor. On a final invoice where the payment amount is subject to

contract settlement actions, acceptance shall be deemed to have occurred on the effective date of the contract settlement. However, if the designated billing office fails to annotate the invoice with the actual date of receipt, the invoice payment due date shall be deemed to be the 30th day after the date the Contractor's invoice is dated, provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(3) An invoice is the Contractor's bill or written request for payment under the contract for supplies delivered or services performed. An invoice shall be prepared and submitted to the designated billing officer specified in the contract. A proper invoice must include the items listed in subdivisions (a)(3)(i) through (a)(3)(viii) of this clause. If the invoice does not comply with these requirements, then the Contractor will be notified of the defect within 7 days after receipt of the invoice at the designated billing office. Untimely notification will be taken into account in the computation of any interest penalty owed the Contractor in the manner described in subparagraph (a)(6) of this clause.

(i) Name and address of the Contractor.

(ii) Invoice date.

(iii) Contract number or other authorization for supplies delivered or services performed (including order number and contract line item number).

(iv) Description, quantity, unit of measure, unit price, and extended price of supplies delivered or services performed.

(v) Shipping and payment terms (e.g., shipment number and date of shipment, prompt payment discount terms). Bill of lading number and weight of shipment will be shown for shipments on Government bills of lading.

(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the contract or in a proper notice of assignment).

(vii) Name (where practicable), title, phone number and mailing address of person to be notified in event of a defective invoice.

(viii) Any other information or documentation required by other requirements of the contract (such as evidence of shipment).

(4) An interest penalty shall be paid automatically by the Government, without request from the contractor, if payment is not made by the due date and the conditions listed in subdivisions (a)(4)(i) through (a)(4)(iii) of this clause are met, if applicable.

(i) A proper invoice was received by the designated billing office.

(ii) A receiving report or other Government documentation authorizing payment was processed and there was no disagreement over quantity, quality, or contractor compliance with any contract term or condition.

(iii) In the case of a final invoice for any balance of funds due the Contractor for supplies delivered or services performed, the amount was not subject to further contract settlement actions between the Government and the Contractor.

(5) The interest penalty shall be as specified in the "Interest" clause. The interest penalty amount, interest rate and the period for which the interest penalty was computed, will be separately stated by the designated payment office on the check, in accompanying remittance advice, or, in the case of wire transfers, by an appropriate electronic data message accompanying the wire transfer. If the designated billing office failed to notify the Contractor of a defective invoice within the periods prescribed in subparagraph (a)(3) of this clause, then the due date on the corrected invoice will be adjusted by subtracting the number of days taken beyond the prescribed notification of defects period. Any interest penalty owed the Contractor will be based on this adjusted due date. Adjustments will be made by the designated payment office for errors in calculating interest penalties, if requested by the Contractor.

(i) For the sole purpose of computing an interest penalty that might be due the contractor, Government acceptance shall be deemed to have occurred constructively on the 7th day (unless otherwise specified in this contract) after the contractor delivered the supplies or performed the services in accordance with the terms and conditions of the contract, unless there is a disagreement over quantity, quality, or contractor compliance with a contract provision. In the event that actual acceptance occurs within the constructive

acceptance period, the determination of an interest penalty shall be based on the actual date of acceptance. The constructive acceptance requirement does not, however, compel Government officials to accept supplies or services, perform contract administration functions, or make payment prior to fulfilling their responsibilities.

(ii) The following periods of time will not be included in the determination of an interest penalty:

(A) The period taken to notify the Contractor of defects in invoices submitted to the Government, but this may not exceed 7 days.

(B) The period between the defects notice and resubmission of the corrected invoice by the Contractor.

(C) Any period of delay caused by incorrect electronic funds transfer (EFT) information, in accordance with the EFT clause of this contract.

(iii) Interest penalties will not continue to accrue after the filing of a claim for such penalties under Federal Aviation Administration (TSA) contract disputes resolution procedures. Interest penalties of less than \$1.00 need not be paid.

(iv) Interest penalties are not required on payment delays due to disagreement between the Government and Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Contract disputes, and any interest that may be payable, will be resolved in accordance with TSA contract disputes resolution procedures.

(6) An interest penalty shall also be paid automatically by the designated payment office, without request from the contractor, if a discount for prompt payment is taken improperly. The interest penalty will be calculated as described in subparagraph (a)(5) of this clause on the amount of discount taken for the period beginning with the first day after the end of the discount period through the date when the contractor is paid.

(b) Contract Financing Payments.

(1) For purposes of this clause, contract financing payments mean Government disbursements of monies to a Contractor under a contract clause or other authorization without regard to acceptance of supplies or services by the Government. Contract financing payments include but are not limited to payments made according to commercial terms and installment payments. They also include interim vouchers under T&M, labor-hour, and cost reimbursement contracts (regardless of whether goods or services were delivered and received by the Government).

(2) For contracts that provide for contract financing payments, requests for payment shall be submitted to the designated billing office as specified in this contract or as directed by the Contracting Officer. Payments shall be made on the 30th day after receipt of a proper payment request by the designated billing office. In the event that an audit or other review of a specific payment request is required to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the due date specified.

(3) Contract financing payments shall not be assessed an interest penalty for payment delays.

(c) If this contract contains the Fast Payment Procedures, payments will be made within 15 days after the date of receipt of the invoice.

(End of clause)

3.3.2-1 TSA Cost Principles (February 2003)

(a) Transportation Security Administration (TSA) "Contracting Cost Principles" shall be used for:

(1) The pricing of contracts, subcontracts, and modifications to contracts and subcontracts whenever cost analysis is performed; and

(2) the determination, negotiation, or allowance of cost when required by a contract clause.

(b) TSA Cost Principles are incorporated by reference in this contract as the basis for:

(1) Determining reimbursable costs under:

(i) Cost-reimbursement contracts and cost-reimbursement subcontracts under these contracts performed by commercial organizations, and

(ii) The cost-reimbursement portion of time-and -materials contracts except when material is priced on a basis other than at cost;

(2) Negotiating indirect cost rates, when:

(i) TSA has division or corporate contract administration responsibilities;

(ii) Quick Close-out procedures are used; or

(iii) Indirect rate caps are negotiated in the contract.

(3) Proposing, negotiating, or determining costs under terminated contracts;

(4) Price revision of fixed-price incentive contracts;

(5) Price redetermination of price redetermination contracts; and

(6) Pricing changes and other contract modifications.

(c) When contract administration responsibilities rest with another Government agency, the TSA will apply the cost principles of the administering agency for the determination or negotiation of indirect rates not covered by (2)(ii) or (2)(iii) above.

(d) Upon request, the Contracting Officer will provide a copy of the TSA "Contract Cost Principles." Until TSA develops its own Contract Cost Principles, TSA will adopt FAA's Contract Cost Principles, available at: <http://fast.faa.gov/procurement-guide/html/3-3-2.htm>

(End of Clause)

3.4.1-12 Insurance (February 2003)

(a) During the term of this contract and any extension, the contractor shall maintain at its own expense the insurance required by this clause. Insurance companies shall be acceptable to the Transportation Security Administration. Policies that apply to covered contract work shall include all terms and provisions required by the Transportation Security Administration.

(b) The contractor shall maintain and furnish evidence of the following insurance, with the stated minimum limits:

(1) Worker's Compensation and Employer's Liability. The contractor shall comply with applicable Federal and State workers' compensation and occupational disease statutes. The contractor shall maintain employer's liability coverage of at least \$100,000, except in States with exclusive or monopolistic funds that do not permit worker's compensation to be written by private carriers.

(2) General Liability. The contractor shall maintain bodily injury general liability insurance written on a comprehensive form of policy of at least \$100,000* per person and \$500,000* per occurrence. Property damage limits, if any, will be set forth elsewhere in the "Schedule."

(3) Automobile Liability. For automobiles used in connection with performance of this contract, the contractor shall maintain automobile liability insurance written on a comprehensive form of policy with coverage of at least \$200,000* per person and \$500,000* per occurrence for bodily injury and \$20,000* per occurrence for property damage, unless higher limits are required by airport management and state law.

(4) Aircraft Liability. If aircraft will be used in connection with performance of this contract, the contractor shall maintain aircraft public and passenger liability insurance with coverage of at least \$200,000* per person and \$500,000* per occurrence for bodily injury other than passenger liability, and \$200,000* per occurrence for property damage. Coverage for passenger liability bodily injury shall be at least \$200,000* multiplied by the number of seats or passengers, whichever is greater.

(5) Watercraft Liability. When watercraft will be used in connection with performing the contract, the contractor shall provide watercraft liability insurance. Limits shall be at least \$1,000,000* per occurrence. The policy shall include coverage for owned, non-owned and hired watercraft.

(6) Environmental Impairment Liability. When the contract involves hazardous wastes, the contractor shall provide environmental impairment liability insurance with coverage of at least \$1,000,000* bodily injury per occurrence and \$1,000,000* property damage per occurrence. Such insurance shall include coverage for the clean up, removal, storage, disposal, transportation, and use of pollutants and hazardous waste.

(7) Medical Malpractice. When the contract will involve health care services, the contractor shall maintain medical malpractice liability insurance with coverage of at least \$500,000* per occurrence.

(c) Each policy shall substantially include the following provision:

"It is a condition of this policy that the issuing company furnish written notice to the Transportation Security Administration 30 days in advance of the effective date of any reduction in or cancellation of this policy."

(d) The contractor shall furnish a certificate of insurance or, if required by the Contracting Officer, true copies of liability policies and manually countersigned endorsements of any changes, including the TSA's contract number to ensure proper filing of documents. Insurance shall be effective, and evidence of acceptable insurance furnished, before beginning performance under this contract. Evidence of renewal shall be furnished not later than five days before a policy expires.

(e) The maintenance of insurance coverage as required by this clause is a continuing obligation. The lapse or termination of insurance coverage without replacement coverage being obtained will be grounds for termination for default.

*Unless modified in the "Schedule"

(End of clause)

3.5-3 Patent Indemnity (February 2003)

(a) The Contractor shall indemnify the Government and its 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 contract, or out of the use or disposal by or for the account of the Government of such supplies or construction work.

(b) This indemnity shall not apply unless the Contractor shall have been informed as soon as practicable by the 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 Contracting Officer 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 contract not normally used by the Contractor,

(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 Contractor, unless required by final decree of a court of competent jurisdiction.

(End of clause)

3.5-13 Rights in Data - General - Alternate III (February 2003)

(a) Definitions.

(1) "Computer software," as used in this clause, means computer programs, computer data bases, and documentation thereof.

(2) "Data," as used in this clause, means recorded information, regardless of form or the media on which it may be recorded. The term includes technical data and computer software. The term does not include

information incidental to contract administration, such as financial, administrative, cost or pricing, or management information.

(3) "Form, fit, and function data," as used in this clause, means data relating to items, components, or processes that are sufficient to enable physical and functional interchangeability, as well as data identifying source, size, configuration, mating, and attachment characteristics, functional characteristics, and performance requirements; except that for computer software it means data identifying source, functional characteristics, and performance requirements but specifically excludes the source code, algorithm, process, formulae, and flow charts of the software.

(4) "Limited rights," as used in this clause, means the rights of the Government in limited rights data as set forth in the Limited Rights Notice of subparagraph (g)(2) if included in this clause.

(5) "Limited rights data," as used in this clause, means data (other than computer software) that embody trade secrets or are commercial or financial and confidential or privileged, to the extent that such data pertain to items, components, or processes developed at private expense, including minor modifications thereof.

(6) "Restricted computer software," as used in this clause, means computer software developed at private expense and that is a trade secret; is commercial or financial and is confidential or privileged; or is published copyrighted computer software; including minor modifications of such computer software.

(7) "Restricted rights," as used in this clause, means the rights of the Government in restricted computer software, as set forth in a Restricted Rights Notice of subparagraph (g)(3) if included in this clause, or as otherwise may be provided in a collateral agreement incorporated in and made part of this contract, including minor modifications of such computer software.

(8) "Technical data," as used in this clause, means data (other than computer software), which are of a scientific or technical nature.

(9) "Unlimited rights," as used in this clause, means the right of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so.

(b) Allocations of rights.

(1) Except as provided in paragraph (c) of this clause regarding copyright, the Government shall have unlimited rights in-

(i) Data first produced in the performance of this contract;

(ii) Form, fit, and function data delivered under this contract;

(iii) Data delivered under this contract (except for restricted computer software) that constitute manuals or instructional and training material for installation, operation, or routine maintenance and repair of items, components, or processes delivered or furnished for use under this contract; and

(iv) All other data delivered under this contract unless provided otherwise for limited rights data or restricted computer software in accordance with paragraph (g) of this clause.

(2) The Contractor shall have the right to--

(i) Use, release to others, reproduce, distribute, or publish any data first produced or specifically used by the Contractor in the performance of this contract, unless provided otherwise in paragraph (d) of this clause;

(ii) Protect from unauthorized disclosure and use those data which are limited rights data or restricted computer software to the extent provided in paragraph (g) of this clause;

(iii) Substantiate use of, add or correct limited rights, restricted rights, or copyright notices and to take other appropriate action, in accordance with paragraphs (e) and (f) of this clause; and

(iv) Establish claim to copyright subsisting in data first produced in the performance of this contract to the extent provided in subparagraph (c)(1) of this clause.

(c) Copyright.

(1) Data first produced in the performance of this contract. Unless provided otherwise in paragraph (d) of this clause, the Contractor may

establish, without prior approval of the Contracting Officer, claim to copyright subsisting in scientific and technical articles based on or containing data first produced in the performance of this contract and published in academic, technical or professional journals, symposia proceedings or similar works. The prior, express written permission of the Contracting Officer is required to establish claim to copyright subsisting in all other data first produced in the performance of this contract. When claim to copyright is made, the Contractor shall affix the applicable copyright notices of 17 U.S.C. 401 or 402 and acknowledgment of Government sponsorship (including contract number) to the data when such data are delivered to the Government, as well as when the data are published or deposited for registration as a published work in the U.S. Copyright Office. For data other than computer software the Contractor grants to the Government, and others acting on its behalf, a paid-up, nonexclusive, irrevocable worldwide license in such copyrighted data to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, by or on behalf of the Government. For computer software, the Contractor grants to the Government and others acting in its behalf, a paid-up nonexclusive, irrevocable worldwide license in such copyrighted computer software to reproduce, prepare derivative works, and perform publicly and display publicly by or on behalf of the Government.

(2) Data not first produced in the performance of this contract. The Contractor shall not, without prior written permission of the Contracting Officer, incorporate in data delivered under this contract any data not first produced in the performance of this contract and which contains the copyright notice of 17 U.S.C. 401 or 402, unless the Contractor identifies such data and grants to the Government, or acquires on its behalf, a license of the same scope as set forth in subparagraph (c)(1) of this clause; provided, however, that if such data are computer software the Government may acquire a copyright license as set forth in subparagraph (g)(3) of this clause if included in this contract or as otherwise may be provided in a collateral agreement incorporated in or made part of this contract.

(3) Removal of copyright notices. The Government agrees not to remove any copyright notices placed on data pursuant to this paragraph (c), and to include such notices on all reproductions of the data.

(d) Release, publication and use of data.

(1) The Contractor shall have the right to use, release to others, reproduce, distribute, or publish any data first produced or specifically used by the Contractor in the performance of this contract, except to the extent such data may be subject to the Federal export control or national security laws

or regulations, or unless otherwise provided in this paragraph of this clause or expressly set forth in this contract.

(2) The Contractor agrees that to the extent it receives or is given access to data necessary for the performance of this contract, which contain restrictive markings, the Contractor shall treat the data in accordance with such markings unless otherwise specifically authorized in writing by the Contracting Officer.

(e) Unauthorized marking of data.

(1) Notwithstanding any other provisions of this contract concerning inspection or acceptance, if any data delivered under this contract are marked with the notices specified in subparagraph (g)(2) or (g)(3) of this clause and use of such is not authorized by this clause, or if such data bears any other restrictive or limiting markings not authorized by this contract, the Contracting Officer may at any time either return the data to the Contractor, or cancel or ignore the markings. However, the following procedures shall apply prior to canceling or ignoring the markings.

(i) The Contracting Officer shall make written inquiry to the Contractor affording the Contractor 30 days from receipt of the inquiry to provide written justification to substantiate the propriety of the markings;

(ii) If the Contractor fails to respond or fails to provide written justification to substantiate the propriety of the markings within the 30-day period (or a longer time not exceeding 90 days approved in writing by the Contracting Officer for good cause shown), the Government shall have the right to cancel or ignore the markings at any time after said period and the data will no longer be made subject to any disclosure prohibitions.

(iii) If the Contractor provides written justification to substantiate the propriety of the markings within the period set in subdivision (e)(1)(i) of this clause, the Contracting Officer shall consider such written justification and determine whether or not the markings are to be canceled or ignored. If the Contracting Officer determines that the markings are authorized, the Contractor shall be so notified in writing. If the Contracting Officer determines, with concurrence of the head of the contracting activity, that the markings are not authorized, the Contracting Officer shall furnish the Contractor a written determination, which determination may become the final agency decision

regarding the appropriateness of the markings unless the Contractor files suit in a court of competent jurisdiction within 90 days of receipt of the Contracting Officer's decision. The Government shall continue to abide by the markings under this subdivision (e)(1)(iii) until final resolution of the matter either by the Contracting Officer's determination becoming final (in which instance the Government may thereafter have the right to cancel or ignore the markings at any time and the data will no longer be made subject to any disclosure prohibitions), or by final disposition of the matter by court decision if suit is filed.

(2) The time limits in the procedures set forth in subparagraph (e)(1) of this clause may be modified in accordance with agency regulations implementing the Freedom of Information Act (5 U.S.C. 552) if necessary to respond to a request there under.

(3) Reserved.

(4) Except to the extent the Government's action occurs as the result of final disposition of the matter by a court of competent jurisdiction, the Contractor is not precluded by this paragraph (e) from filing a claim under the "Contract Disputes" clause of this contract, as applicable, that may arise as the result of the Government removing or ignoring authorized markings on data delivered under this contract.

(f) Omitted or incorrect markings.

(1) Data delivered to the Government without either the limited rights or restricted rights notice as authorized by paragraph (g) of this clause, or the copyright notice required by paragraph (c) of this clause, may be deemed to have been furnished with unlimited rights, and the Government assumes no liability for the disclosure, use, or reproduction of such data. However, to the extent the data has not been disclosed without restriction outside the Government, the Contractor may request, within 6 months (or a longer time approved by the Contracting Officer for good cause shown) after delivery of such data, permission to have notices placed on qualifying data at the Contractor's expense, and the Contracting Officer may agree to do so if the Contractor-

(i) Identifies the data to which the omitted notice is to be applied;

(ii) Demonstrates that the omission of the notice was inadvertent;

(iii) Establishes that the use of the proposed notice is authorized;

(iv) Acknowledges that the Government has no liability with respect to the disclosure, use, or reproduction of any such data made prior to the addition of the notice or resulting from the omission of the notice.

(2) The Contracting Officer may also (i) permit correction at the Contractor's expense of incorrect notices if the Contractor identifies the data on which correction of the notice is to be made, and demonstrates that the correct notice is authorized, or (ii) correct any incorrect notices.

(g) Protection of limited rights data and restricted computer software.

(1) When data other than that listed in subdivisions (b)(1) (i), (ii), and (iii) of this clause are specified to be delivered under this contract and qualify as either limited rights data or restricted computer software, if the Contractor desires to continue protection of such data, the Contractor may withhold such data and not furnish them to the Government under this contract. As a condition to this withholding, the Contractor may identify the data being withheld and furnish form, fit, and function data in lieu thereof. Limited rights data that are formatted as a computer data base for delivery to the Government are to be treated as limited rights data and not restricted computer software.

(2) Reserved.

(3)(i) Notwithstanding subparagraph (g)(1) of this clause, the contract may identify and specify the delivery of restricted computer software, or the Contracting Officer may require by written request the delivery of restricted computer software that has been withheld or would otherwise be withholdable. If delivery of such computer software is so required, the Contractor may affix the following Restricted Rights Notice to the computer software and the Government will thereafter treat the computer software, subject to paragraphs (e) and (f) of this clause, in accordance with the Notice:

RESTRICTED RIGHTS NOTICE

(a) This computer software is submitted with restricted rights under Government Contract No. _____ (and subcontract _____, if appropriate). It may not be used, reproduced, or disclosed by the Government except as provided in paragraph (b) of this Notice or as otherwise expressly stated in the contract.

(b) This computer software may be-

(1) Used or copied for use in or with the computer or computers for which it was acquired, including use at any Government

installation to which such computer or computers may be transferred;

(2) Used or copied for use in a backup computer if any computer for which it was acquired is inoperative;

(3) Reproduced for safekeeping (archives) or backup purposes;

(4) Modified, adapted, or combined with other computer software, provided that the modified, combined, or adapted portions of the derivative software incorporating restricted computer software are made subject to the same restricted rights;

(5) Disclosed to and reproduced for use by support service Contractors in accordance with subparagraphs (b) (1) through (4) of this clause, provided the Government makes such disclosure or reproduction subject to these restricted rights; and

(6) Used or copied for use in or transferred to a replacement computer.

(7) Other uses _____

(c) Notwithstanding the foregoing, if this computer software is published copyrighted computer software, it is licensed to the Government, without disclosure prohibitions, with the minimum rights set forth in paragraph (b) of this clause.

(d) Any other rights or limitations regarding the use, duplication, or disclosure of this computer software are to be expressly stated in, or incorporated in, the contract.

(e) This Notice shall be marked on any reproduction of this computer software, in whole or in part.

(End of notice)

(ii) Where it is impractical to include the Restricted Rights Notice on restricted computer software, the following short- form Notice may be used in lieu thereof:
RESTRICTED RIGHTS NOTICE (SHORT FORM)

Use, reproduction, or disclosure is subject to restrictions set forth in Contract No. _____ (and subcontract _____, if appropriate) with _____ (name of Contractor and subcontractor).

(End of notice)

(iii) If restricted computer software is delivered with the copyright notice of 17 U.S.C. 401, it will be presumed to be published copyrighted computer software licensed to the Government without disclosure prohibitions, with the minimum rights set forth in paragraph (b) of this clause, unless the Contractor includes the following statement with such copyright notice: Unpublished-rights reserved under the Copyright Laws of the United States.

(h) Subcontracting. The Contractor has the responsibility to obtain from its subcontractors all data and rights therein necessary to fulfill the Contractor's obligations to the Government under this contract. If a subcontractor refuses to accept terms affording the Government such rights, the Contractor shall promptly bring such refusal to the attention of the Contracting Officer and not proceed with subcontract award without further authorization.

(i) Relationship to patents. Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government.

(End of clause)

3.5-16 Rights in Data - Special Works (February 2003)

(a) Definitions.

(1) Data, as used in this clause, means recorded information regardless of form or the medium on which it may be recorded. The term includes technical data and computer software. The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing or management information.

(2) Unlimited rights, as used in this clause, means the right of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose whatsoever, and to have or permit others to do so.

(b) Allocation of Rights.

(1) The Government shall have--

(i) Unlimited rights in all data delivered under this contract, and in all data first produced in the performance of this contract, except as provided in paragraph (c) of this clause for copyright.

(ii) The right to limit exercise of claim to copyright in data first produced in the performance of this contract, and to obtain assignment of copyright in such data, in accordance with subparagraph (c)(1) of this clause.

(iii) The right to limit the release and use of certain data in accordance with paragraph (d) of this clause.

(2) The Contractor shall have, to the extent permission is granted in accordance with subparagraph (c)(1) of this clause, the right to establish

claim to copyright subsisting in data first produced in the performance of this contract.

(c) Copyright.

(1) Data first produced in the performance of this contract.

(i) The Contractor agrees not to assert, establish, or authorize others to assert or establish, any claim to copyright subsisting in any data first produced in the performance of this contract without prior written permission of the Contracting Officer. When claim to copyright is made, the Contractor may affix the appropriate copyright notice of 17 U.S.C. 401 or 402 and acknowledgment of Government sponsorship (including contract number) to such data when delivered to the Government, as well as when the data are published or deposited for registration as a published work in the U.S. Copyright Office. The Contractor grants to the Government, and others acting on its behalf, a paid-up nonexclusive, irrevocable, worldwide license for all such data to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, by or on behalf of the Government.

(ii) If the Government desires to obtain copyright in data first produced in the performance of this contract and permission has not been granted as set forth in subdivision (c)(1)(i) of this clause, the Contracting Officer may direct the Contractor to establish, or authorize the establishment of, claim to copyright in such data and to assign, or obtain the assignment of, such copyright to the Government or its designated assignee.

(2) Data not first produced in the performance of this contract. The Contractor may not, without prior written permission of the Contracting Officer, incorporate in data delivered under this contract any data not first produced in the performance of this contract and which contain the copyright notice of 17 U.S.C. 401 or 402, unless the Contractor identifies such data and grants to the Government, or acquires on its behalf, a license of the same scope as set forth in subparagraph (c)(1) of this clause.

(d) Release and use restrictions. Except as otherwise specifically provided for in this contract, the Contractor may not use for purposes other than the performance of this contract, nor may the Contractor release, reproduce, distribute, or publish any data first

produced in the performance of this contract, nor authorize others to do so, without written permission of the Contracting Officer.

(e) Indemnity. The Contractor may indemnify the Government and its officers, agents, and employees acting for the Government against any liability, including costs and expenses, incurred as the result of the violation of trade secrets, copyrights, or right of privacy or publicity, arising out of the creation, delivery, publication, or use of any data furnished under this contract; or any libelous or other unlawful matter contained in such data. The provisions of this paragraph do not apply unless the Government provides notice to the Contractor as soon as practicable of any claim or suit, affords the Contractor an opportunity under applicable laws, rules, or regulations to participate in the defense thereof, and obtains the Contractor's consent to the settlement of any suit or claim other than as required by final decree of a court of competent jurisdiction; nor do these provisions apply to material furnished to the Contractor by the Government and incorporated in data to which this clause applies.

(End of clause)

3.6.2-2 Convict Labor (February 2003)

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing this contract except as provided by 18 U.S.C. 4082(c)(2) and Executive Order 11755.

(End of clause)

3.6.2-5 Prohibition of Segregated Facilities (February 2003) (a) "Segregated facilities," as used in this clause, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex or national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between sexes.

(b) The contractor agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this clause is a violation of the Equal Opportunity clause in the contract.

(c) The Contractor shall include this clause in every subcontract and purchase order that is subject to the Equal Opportunity clause of this contract.

(End of clause)

3.6.2-9 Equal Opportunity (February 2003) a) If During any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs (b)(1) through (11) below. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performing this contract, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to,

(i) employment,

(ii) upgrading,

(iii) demotion,

(iv) transfer,

(v) recruitment or recruitment advertising,

(vi) layoff or termination,

(vii) rates of pay or other forms of compensation, and

(viii) selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices that explain this clause.

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

(5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice

in conspicuous places available to employees and applicants for employment.

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the TSA all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within 30 days following the award, unless filed within 12 months preceding the date of award.

(8) The Contractor shall permit access to its books, records, and accounts by the TSA or the Office of Federal Contract Compliance Programs (OFCCP) for the purposes of investigation to ascertain the Contractor's compliance with the applicable rules, regulations, and orders.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, the contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions maybe imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of subparagraph (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the TSA may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

(End of clause)

3.6.2-12 Affirmative Action for Special Disabled and Vietnam Era Veterans
(February 2003)

(a) Definitions.

(1) "Appropriate office of the State employment service system," as used in this clause, means the local office of the Federal-State national system of public employment offices assigned to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(2) "Openings that the Contractor proposes to fill from within its own organization," as used in this clause, means employment openings for which no one outside the Contractor's organization (including any affiliates, subsidiaries, and the parent companies) will be considered and includes any openings that the Contractor proposes to fill from regularly established 'recall' lists.

(3) "Openings that the Contractor proposes to fill under a customary and traditional employer-union hiring arrangement," as used in this clause, means employment openings that the Contractor proposes to fill from union halls, under their customary and traditional employer-union hiring relationship.

(4) "Suitable employment openings," as used in this clause--(1) Includes, but is not limited to, openings that occur in jobs categorized as--

(i) Production and non-production;

(ii) Plant and office; (iii) Laborers and mechanics;

(iv) Supervisory and non-supervisory;

(v) Technical; and

(vi) Executive, administrative, and professional positions compensated on a salary basis of less than \$25,000 a year; and (2) Includes full-time employment, temporary employment of over 3 days, and part-time employment, but not openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement, nor openings in an educational institution that are restricted to students of that institution.

(b) General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against the individual because the individual is a special disabled or Vietnam Era veteran. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified special disabled and Vietnam Era veterans without discrimination based upon their disability or veterans' status in all employment practices such as—

- (i) Employment;
- ii) Upgrading;
- iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (viii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended.

(c) Listing openings.

(1) The Contractor agrees to list all suitable employment openings existing at contract award or occurring during contract performance, at an appropriate office of the State employment service system in the locality where the opening occurs. These openings include those occurring at any Contractor facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirement.

(2) State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service.

(3) The listing of suitable employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and non-veterans. This listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(4) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State employment service system, in each State where it has establishments, of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State system, it need not advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this contract clause.

(5) Under the most compelling circumstances, an employment opening may not be suitable for listing, including situations when:

- (i) the Government's needs cannot reasonably be supplied,
- (ii) listing would be contrary to national security, or
- (iii) the requirement of listing would not be in the Government's interest.

(d) Applicability.

(1) This clause does not apply to the listing of employment openings, which occur and are filled outside the 50 States, the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(2) The terms of paragraph (c) above of this clause do not apply to openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of its own organization or employer-union arrangement for that opening.

(e) Postings.

(1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified special disabled veterans and

veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified special disabled and Vietnam Era veterans.

(f) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(g) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

(End of clause)

3.6.2-13 Affirmative Action for Workers With Disabilities (February 2003)

(a) General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental disability. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified individuals with disabilities without discrimination based upon their physical or mental disability in all employment practices such as--

(i) Recruitment, advertising, and job application procedures;

(ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff, and rehiring;

(iii) Rates of pay or any other form of compensation and changes in compensation;

(iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;

(v) Leaves of absence, sick leave, or any other leave;

(vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor;

(vii) Selection and financial support for training, including apprenticeships, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;

(viii) Activities sponsored by the Contractor, including social or recreational programs; and

(ix) Any other term, condition, or privilege of employment.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

(b) Postings.

(1) The Contractor agrees to post employment notices stating--

(i) The Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified individuals with disabilities; and

(ii) The rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. The Contractor shall ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair). The notices shall be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance of the U.S. Department of Labor (Deputy Assistant Secretary) and shall be provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of

Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified individuals with physical or mental disabilities.

(c) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$10,000 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Deputy Assistant Secretary to enforce the terms, including action for noncompliance.

(End of clause)

3.6.2-17 Payment for Overtime Premiums (February 2003)

(a) The use of overtime is authorized under this contract if the overtime premium cost does not exceed _____ 0 _____ *[insert amount] or the overtime premium is paid for work--

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

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

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

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

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

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

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

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

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

*[insert either "zero" or the dollar amount agreed to during communications. The inserted figure does not apply to the exceptions in subparagraph (a)(1) through (a)(4) of the clause.]

(End of clause)

3.6.2-35 Prevention of Sexual Harassment (February 2003)

(a) "Sexual Harassment", as used in this clause, means unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individuals; or (iii) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance, or creating an intimidating, hostile, or offensive working environment.

(b) It is TSA policy that sexual harassment will not be tolerated or condoned in the TSA workplace. It is also TSA's intent to effectively address inappropriate conduct before it rises to the levels proscribed by the Equal Employment Opportunity Commission as "sexual harassment".

(c) The Contractor agrees to support this policy in performing work under this contract, and that sexual harassment in any form will not be tolerated in the TSA workplace.

(d) If the Contractor, or a subcontractor of any tier, subcontracts any portion of the work under this contract, each such subcontract shall include this provision.

(e) The Contractor shall take whatever corrective action it deems necessary to promptly address sexual harassment in the TSA workplace or on an TSA site. The Contractor agrees to immediately provide the Contracting Officer all relevant information pertaining to any such conduct, and notify him/her of planned corrective action.

(f) The Contracting Officer may require the Contractor to remove employee(s) from the TSA worksite that the Contracting Officer deems to have engaged in sexual harassment.

(g) Any TSA action under subsection (f) above does not relieve the Contractor of its liability or obligations under the Civil Rights Act of 1964, or any other applicable law or regulation.

(End of clause)

3.6.3-16 Drug Free Workplace (January 2004)

(a) Definitions. As used in this clause,

1. "Controlled substance" means a controlled substance in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in

regulation at 21 CFR 1308.11 - 1308.15.

2. "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

3. "Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance.

4. "Drug-free workplace" means the site(s) for the performance of work done by the Contractor in connection with a specific contract at which employees of the Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

5. "Employee" means an employee of a Contractor directly engaged in the performance of work under a Government contract.

6. "Directly engaged" is defined to include all direct cost employees and any other Contractor employee who has other than a minimal impact or involvement in contract performance.

7. "Individual" means an offeror/contractor that has no more than one employee including the offeror/contractor.

(b) The Contractor, if other than an individual shall within 30 calendar days after award (unless a longer period is agreed to in writing for contracts of 30 calendar days or more performance duration), or as soon as possible for contracts of less than 30 calendar days performance duration:

(1) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

(2) Establish an ongoing drug-free awareness program to inform such employees about:

(i) The dangers of drug abuse in the workplace;

(ii) The Contractor's policy of maintaining a drug-free workplace;

(iii) Any available drug counseling, rehabilitation, and employee assistance programs;
and

(iv) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

- (3) Provide all employees engaged in performance of the contract with a copy of the statement required by subparagraph (b)(1) of this clause;
- (4) Notify such employees in writing in the statement required by subparagraph (b)(1) of this clause that, as a condition of continued employment on this contract, the employee will:
- (i) Abide by the terms of the statement; and
 - (ii) Notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than 5 calendar days after such conviction.
- (5) Notify the Contracting Officer in writing within 10 calendar days after receiving notice under subdivision (b)(4)(ii) of this clause, from an employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee;
- (6) Within 30 calendar days after receiving notice under subdivision (b)(4)(ii) of this clause of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:
- (i) Taking appropriate personnel action against such employee, up to and including termination; or
 - (ii) Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.
- (7) Make a good faith effort to maintain a drug-free workplace through implementation of subparagraphs (b)(1) through (b)(6) of this clause.
- (c) The Contractor, if an individual, agrees by award of the contract or acceptance of a purchase order, not to engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of this contract.
- (d) In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraphs (b) or (c) of this clause may render the Contractor subject to suspension of contract payments, termination of the contract for default, and suspension or debarment.
- (End of clause)

3.7-1 Privacy Act Notification (February 2003)

The Contractor will be required to design, develop, or operate a system of records on individuals, to accomplish an agency function subject to the Privacy Act of 1974, Public Law 93-579, December 31, 1974 (5 U.S.C. 552a) and applicable agency regulations (49 CFR Part 10). Violation of the Act may involve the imposition of criminal penalties.

(End of clause)

3.7-2 Privacy Act (February 2003)

(a) The Contractor agrees to--

(1) Comply with the Privacy Act of 1974 (the Act) and the agency rules and regulations (49 CFR Part 10) issued under the Act in the design, development, or operation of any system of records on individuals to accomplish an agency function when the contract specifically identifies--

(i) The systems of records; and

(ii) The design, development, or operation work that the contractor is to perform;

(2) Include the Privacy Act notification contained in this contract in every solicitation and resulting subcontract and in every subcontract awarded without a solicitation, when the work statement in the proposed subcontract requires the redesign, development, or operation of a system of records on individuals that is subject to the Act; and

(3) Include this clause, including this subparagraph (3), in all subcontracts awarded under this contract, which requires the design, development, or operation of such a system of records.

(b) In the event of violations of the Act, a civil action may be brought against the agency involved when the violation concerns the design, development, or operation of a system of records on individuals to accomplish an agency function, and criminal penalties may be imposed upon the officers or employees of the agency when the violation concerns the operation of a system of records on individuals to accomplish an agency function. For purposes of the Act, when the contract is for the operation of a system of records on individuals to accomplish an agency function, the Contractor is considered to be an employee of the agency.

(c) (1) 'Operation of a system of records,' as used in this clause, means performance of any of the activities associated with maintaining the system of records, including the collection, use, and dissemination of records.

(2) 'Record,' as used in this clause, means any item, collection, or grouping of information about an individual that is maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and that contains the person's name, or the identifying number, symbol, or other identifying particular

assigned to the individual, such as a fingerprint or voiceprint or a photograph.

(3) 'System of records on individuals,' as used in this clause, means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

(End of clause)

3.8.2-10 Protection of Government Buildings, Equipment, and Vegetation (February 2003)

The Contractor shall use reasonable care to avoid damaging existing buildings, equipment, and vegetation on the Government installation. If the Contractor's failure to use reasonable care causes damage to any of this property, the Contractor shall replace or repair the damage at no expense to the Government as the Contracting Officer directs. If the Contractor fails or refuses to make such repair or replacement, the Contractor shall be liable for the cost, which may be deducted from the contract price.

(End of clause)

3.9.1-2 Protest After Award (February 2003)

(a) Upon receipt of a notice that a protest has been filed with the FAA Office of Dispute Resolution for Acquisition (ODRA), or a determination that a protest is likely, the (Undersecretary or his designee may instruct the Contracting Officer) to direct the Contractor to stop performance of the work called for by this contract. The order to the Contractor shall be in writing, and shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Upon receipt of the final decision or other resolution of the protest, the Contracting Officer shall either--

(1) Cancel the stop-work order; or

(2) For other than cost-reimbursement contracts, terminate the work covered by the order as provided in the "Default" or the "Termination for Convenience of the Government" clause(s) of this contract; or

(3) For cost-reimbursement contracts, terminate the work covered by the order as provided in the "Termination" clause of this contract.

(b) If a stop-work order issued under this clause is canceled either before or after the final resolution of the protest, the Contractor shall resume work. The Contracting Officer shall make for other than cost-reimbursement contracts, an equitable adjustment in the delivery schedule or contract price, or both; and for cost-reimbursement contracts, an equitable adjustment in the delivery schedule, the estimated cost, the fee, or a combination thereof,

and in any other terms of the contract that may be affected; and the contract shall be modified, in writing, accordingly, if--

(1) The stop-work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract; and

(2) The Contractor asserts its right to an adjustment within 30 days after the end of the period of work stoppage; provided, that if the Contracting Officer decides the facts justify the action, the Contracting Officer may receive and act upon a proposal submitted at any time before final payment under this contract.

(c) If a stop-work order is not canceled and the work covered by the order is terminated for the convenience of the Government, the Contracting Officer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.

(d) If a stop-work order is not canceled and the work covered by the order is terminated for default, the Contracting Officer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

(e) The Government's rights to terminate this contract at any time are not affected by action taken under this clause.

(End of clause)

3.9.1-1 Contract Disputes (February 2003) All contract disputes arising under or related to this contract shall be resolved through the Transportation Security Administration (TSA) dispute resolution system at the FAA Office of Dispute Resolution for Acquisition (ODRA) and shall be governed by the procedures set forth in 14 C.F.R. Parts 14 and 17, which are hereby incorporated by reference. Judicial review, where available, will be in accordance with 49 U.S.C. 46110 and shall apply only to final agency decisions. A contractor may seek review of a final TSA decision only after its administrative remedies have been exhausted.

(b) The filing of a contract dispute with the ODRA may be accomplished by mail, overnight delivery, hand delivery, or by facsimile. A contract dispute is considered filed on the date it is received by the ODRA.

(c) Contract disputes are to be in writing and shall contain:

(1) The contractor's name, address, telephone and fax numbers and the name, address, telephone and fax numbers of the contractor's legal representative(s) (if any) for the contract dispute;

(2) The contract number and the name of the Contracting Officer;

(3) A detailed chronological statement of the facts and of the legal grounds for the contractor's positions regarding each element or count of the contract dispute (i.e., broken down by individual claim item), citing to relevant contract provisions and documents and attaching copies of those provisions and documents;

(4) All information establishing that the contract dispute was timely filed;

(5) A request for a specific remedy, and if a monetary remedy is requested, a sum certain must be specified and pertinent cost information and documentation (e.g., invoices and cancelled checks) attached, broken down by individual claim item and summarized; and

(6) The signature of a duly authorized representative of the initiating party.

(d) Contract disputes shall be filed at the following address:

Office of Dispute Resolution, AGC-70
Federal Aviation Administration
800 Independence Avenue S.W. Room 323
Washington, DC 20591
Telephone: (202) 267-3290, Facsimile: (202) 267-3720

(2) other address as specified in 14 CFR Part 17.

(e) A contract dispute against the TSA shall be filed with the ODRA within two (2) years of the accrual of the contract claim involved. A contract dispute by the TSA against a contractor (excluding contract disputes alleging warranty issues, fraud or latent defects) likewise shall be filed within two (2) years after the accrual of the contract claim. If an underlying contract entered into prior to the effective date of this part provides for time limitations for filing of contract disputes with the ODRA, which differ from the aforesaid two (2) year period, the limitation periods in the contract shall control over the limitation period of this section. In no event will either party be permitted to file with the ODRA a contract dispute seeking an equitable adjustment or other damages after the contractor has accepted final contract payment, with the exception of TSA claims related to warranty issues, gross mistakes amounting to fraud or latent defects. TSA claims against the contractor based on warranty issues must be filed within the time specified under applicable contract warranty provisions. Any TSA claims against the contractor based on gross mistakes amounting to fraud or latent defects shall be filed with the ODRA within two (2) years of the date on which the TSA knew or should have known of the presence of the fraud or latent defect.

(f) A party shall serve a copy of the contract dispute upon the other party, by means reasonably calculated to be received on the same day as the filing is to be received by the ODRA.

(g) After filing the contract dispute, the contractor should seek informal resolution with the Contracting Officer.

(h) The TSA requires continued performance with respect to contract disputes arising under this contract, in accordance with the provisions of the contract, pending a final TSA decision.

(i) The TSA will pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the contract dispute, or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on contract disputes shall be paid at the rate fixed by the Secretary of the Treasury that is applicable on the date the Contracting Officer receives the contract dispute and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary until payment is made.

(j) Additional information and guidance about the ODRA dispute resolution process for contract disputes can be found on the ODRA Website at <http://www.faa.gov>.

(End of clause)

3.10.1-1 Notice of Intent To Disallow Costs (February 2003)

(a) Notwithstanding any other clause of this contract--

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

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

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

(End of clause)

3.10.1-3 Penalties for Unallowable Costs (February 2003)

(a) Definition. Proposal, as used in this clause, means either-

(1) A final indirect cost rate proposal submitted by the Contractor after the expiration of its fiscal year which:

(i) Relates to any payment made on the basis of billing rates; or

(ii) Will be used in negotiating the final contract price;

(2) The final statement of costs incurred and estimated to be incurred under the "Incentive Price Revision" clause (if applicable), which is used to establish the final contract price.

(b) Contractors which include unallowable indirect costs in a proposal may be subject to penalties, as described in paragraph (d) below.

(c) The Contractor shall not include in any proposal any cost which is unallowable, as defined in the TSA Contract Cost Principles.

(d) If the Contracting Officer determines that a cost submitted by the Contractor in its proposal is unallowable, the Contractor shall be assessed a penalty equal to:

(1) The amount of the disallowed cost allocated to this contract; plus

(2) Simple interest, to be computed:

(i) On the amount the Contractor was paid (whether as a progress or billing payment) in excess of the amount to which the Contractor was entitled; and

(ii) Using the applicable rate effective for each six-month interval prescribed by the Secretary of the Treasury pursuant to Pub. L. 92-41 (85 Stat. 97).

(e) If the Contracting Officer determines that a cost submitted by the Contractor in its proposal includes a cost previously determined to be unallowable for that Contractor, then the Contractor will be assessed a penalty in an amount equal to two times the amount of the disallowed cost allocated to this contract.

(f) Determinations under paragraphs (d) and (e) of this clause, if disputed, may be the basis of a claim under the "Contract Disputes" clause.

(g) The Contracting Officer may waive the penalties in paragraph (d) or (e) of this clause if the contractor demonstrates that the error was unintentional, or the proposal is withdrawn prior to commencement of an audit.

(h) Payment by the Contractor of any penalty assessed under this clause does not constitute repayment to the Government of any unallowable cost which has been paid by the Government to the Contractor.

(End of clause)

3.10.1-7 Bankruptcy (February 2003)

In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the contract, written notification of the bankruptcy to the Contracting Officer responsible for administering the contract. This notification shall be furnished within five days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of Government contract numbers and contracting offices for all Government contracts against which final payment has not been made. This obligation remains in effect until final payment under this contract.

(End of clause)

3.10.1-13 Changes -- Cost-Reimbursement - Alternate I (February 2003)

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

- (1) Description of services to be performed.
- (2) Time of performance (i.e., hours of the day, days of the week, etc.).
- (3) Place of performance of the services.

(b) If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this contract, the Contracting Officer shall make an equitable adjustment in the:

- (1) estimated cost, delivery or completion schedule, or both;
- (2) amount of any fixed fee; and
- (3) other affected terms and shall modify the contract accordingly.

(c) The Contractor must assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(e) Notwithstanding the terms and conditions of paragraphs (a) and (b) above, the estimated cost of this contract and, if this contract is incrementally funded, the funds

allotted for the performance of this contract, shall not be increased or considered to be increased except by specific written modification of the contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract. Until this modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the "Limitation of Cost or Limitation of Funds" clause of this contract.

(End of Clause)

3.10.6-3 Termination - Cost-Reimbursement (February 2003))

(a) The Government may terminate performance of work under this contract in whole or, from time to time, in part, if--

(1) The Contracting Officer determines that a termination is in the Government's interest; or

(2) The Contractor defaults in performing this contract. 'Default' includes failure to make progress in the work so as to endanger performance.

(b) The Contracting Officer shall terminate by delivering to the Contractor a Notice of Termination specifying whether termination is for default of the Contractor or for convenience of the Government, the extent of termination, and the effective date. If, after termination for default, it is determined that the Contractor was not in default or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor as set forth in the "Excusable Delays" clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of the Government.

(c) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Assign to the Government, as directed by the Contracting Officer, all right, title, and interest of the Contractor under the subcontracts terminated, in which case the Government shall have the right to settle or

to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by the Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.

(6) Transfer title (if not already transferred) and, as directed by the Contracting Officer, deliver to the Government:

(i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated,

(ii) the completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to the Government, and

(iii) the jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that the Contracting Officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Government has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by the Contracting Officer, any property of the types referred to in subparagraph (6) above; provided, however, that the Contractor:

(i) is not required to extend credit to any purchaser and

(ii) may acquire the property under the conditions prescribed by, and at prices approved by, the Contracting Officer.

The proceeds of any transfer or disposition will be applied to reduce any payments to be made by the Government under this contract credited to the price or cost of the work,

or paid in any other manner directed by the Contracting Officer.

(d) The Contractor shall submit to the Contracting Officer a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the Contracting Officer. The Contractor may request the Government to remove those items or enter into an agreement for their storage. Within 15 days, the Government will accept the items and remove them or enter into a storage agreement. The Contracting Officer may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(e) After termination, the Contractor shall submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension. If the Contractor fails to submit the proposal within the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

(f) Subject to paragraph (e) above, the Contractor and the Contracting Officer may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.

(g) If the Contractor and the Contracting Officer fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the Contracting Officer shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:

(1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by the Contracting Officer; however, the Contractor shall discontinue those costs as rapidly as practicable.

(2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (1) above.

(3) The reasonable costs of settlement of the work terminated, including--

(i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

(ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

(iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory.

If the termination is for default no amounts for the preparation of the Contractor's termination settlement proposal may be included.

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

(i) If the contract is terminated for the convenience of the Government, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractors' termination proposals, less previous payments for fee.

(ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by the Government is to the total number of articles (or amount of services) of a like kind required by the contract.

(5) If the settlement includes only fee, it will be determined under subparagraph (g)(4) above.

(h) The cost principles and procedures, in effect on the date of this contract shall govern all costs claimed, agreed to, or determined under this clause.

(i) The Contractor may file a claim with the FAA Office of Dispute Resolution for Acquisition based on any determination made by the Contracting Officer under paragraph (e) or (g) above or paragraph (k) below, except that if the Contractor failed to submit the termination settlement proposal within the time provided in paragraph (e) and failed to request a time extension, there is basis for a claim. If the Contracting Officer has made a determination of the amount due under paragraph (e), (g) or (k), the Government shall pay the Contractor:

(1) the amount determined by the Contracting Officer if there is no right to file a claim or if no claim has been filed, or

(2) the amount finally determined allowable by the FAA Office of Dispute Resolution for Acquisition.

(j) In arriving at the amount due the Contractor under this clause, there shall be deducted-

(1) All unliquidated advance or other payments to the Contractor, under the terminated portion of this contract;

(2) Any claim which the Government has against the Contractor under this contract; and

(3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to the Government.

(k) The Contractor and Contracting Officer must agree to any equitable adjustment in fee for the continued portion of the contract when there is a partial termination. The Contracting Officer shall amend the contract to reflect the agreement.

(l) (1) The Government may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Contractor for the terminated portion of the contract, if the Contracting Officer believes the total of these payments will not exceed the amount to which the Contractor will be entitled.

(2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the Government upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Contractor to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in the Contractor's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Contracting Officer because of the circumstances.

(m) The provisions of this clause relating to fee are Inapplicable if this contract does not include a fee.

(End of clause)

3.10.6-7 Excusable Delays (February 2003)

(a) Except for defaults of subcontractors at any tier, the Contractor shall not be in default because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of the Contractor.

Examples of these causes are

- (1) acts of God or of the public enemy,
- (2) acts of the Government in either its sovereign or contractual capacity,
- (3) fires,
- (4) floods,
- (5) epidemics,
- (6) quarantine restrictions,
- (7) strikes,
- (8) freight embargoes, and
- (9) unusually severe weather.

In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. 'Default' includes failure to make progress in the work so as to endanger performance.

(b) If the failure to perform is caused by the failure of a subcontractor at any tier to perform or make progress, and if the cause of the failure was beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be deemed to be in default, unless--

- (1) The subcontracted supplies or services were obtainable from other sources;
- (2) The Contracting Officer ordered the Contractor in writing to purchase these supplies or services from the other source; and
- (3) The Contractor failed to comply reasonably with this order.

(c) Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of the failure. If the Contracting Officer determines that any failure to perform results from one or more of the causes above, the delivery schedule shall be revised, subject to the rights of the Government under the termination clause of this contract.

(End of clause)

SECTION J – LIST OF ATTACHMENTS

Attachment 1 – Department of Homeland Security MD 11042 , “Safeguarding Sensitive But Unclassified (For Official Use Only) Information

The purpose of this modification, P00001, to contract HSTS02-04-C-RET002 is to make changes to the hours of operation for MSP. Accordingly, the following changes are hereby incorporated and effected via TSAMS Clause 3.10.1-13 Changes -- Cost-Reimbursement - Alternate I (February 2003).

1. Section C.2 of the SOW is hereby deleted in its entirety and replaced with the following to reflect within scope increases directed by the Government.

C.2. SCOPE

The contractor will be tasked to provide: program management, biometric, integration, and tactical operations support to the RT Pilot at MSP, LAX, and IAH airports. The RT Pilot will begin at the end of June 2004 at a designated airport location and will be launched in succession at subsequent airport locations. The RT Pilot shall last approximately 90 days per location and it is anticipated that each pilot location will enroll and support up to 3,000 participants. The RT Pilot will apply to domestic travelers. The contractor will be required to provide *15 by 5 coverage*¹ for each selected airport. The contractor shall make the checkpoints operational on Saturdays and Sundays at MSP by performing start-up, shut down and calibration functions. TSA screeners will perform the passenger verification and vetting duties on Saturdays and Sundays. The contractor shall deploy up to four enrollment kiosks, one breeder document scanner and up to two checkpoints at each selected terminal within an airport.

2. The following requirement is added to Section C.4.3 "Tactical Operation" of the SOW.

C.4.3.13. RT Pilot Presentation. The contractor shall provide uniforms for its employees manning the RT Pilot enrollment and verification kiosks. The uniform design must be submitted to the TSA COR for approval. In addition, the contractor shall provide signage and print materials to direct and inform RT candidates and participants. RT Pilot presentation materials shall be billed to the Materials line item of the schedule of supplies and services.

3. Except as modified herein all other terms and conditions of contract HSTS02-04-C-RET002 shall remain in full force and effect.

¹ During the pilot, coverage will be required on a 15 hour (5:00 AM to 8:00 PM); five day (Monday through Friday) a week basis. NOTE: Some of the selected airports may have limited flight operating hours and, therefore, require coverage below the 15 hour level.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE	PAGE 1 OF 4 PAGES
2. AMENDMENT/MODIFICATION NO. P00002	3. EFFECTIVE DATE See Blk 16c	4. REQUISITION/PURCHASE REQ. NO. PREQ-RET-002a	5. PROJECT NO. (If applicable)		
6. ISSUED BY Transportation Security Administration Arlington, VA 22202		7. ADMINISTERED BY (If other than Item 6) Same as Block 6.		CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No. Street, county, State and ZIP Code) Unisys Corporation 1200 S. Hayes Street Suite 900 Arlington, VA 22202				(✓)	9A. AMENDMENT OF SOLICITATION NO.
					9B. DATED (SEE ITEM 11)
				X	10A. MODIFICATION OF CONTRACT/ORDER NO. HSTS02-04-C-RET002
					10B. DATED (SEE ITEM 13) 06/16/2004
CODE	FACILITY CODE				

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning one (1) copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATA SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and data specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

05X0508140-2004-1A2BAOPA10-1L00000000-25305 - \$869,724 (F)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

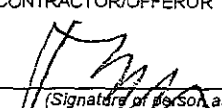
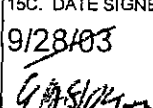
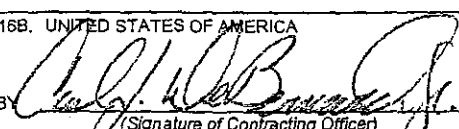
(✓)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. OTHER Specify type of modification and authority) Mutual Agreement of the parties

E. IMPORTANT: Contractor is not, X is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See page 2.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Thomas D. Morgan Manager of Contracts		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Carl J. DeBernard, Jr., Contracting Officer	
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 9/28/03 	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED 9-28-04

The purpose of this modification, P00002, to contract HSTS02-04-C-RET002 is to extend the RT Pilot operations at MSP, LAX and IAH. Accordingly, the following changes are hereby incorporated:

- Section B is hereby deleted and replaced with the following to reflect the negotiated increase Cost Plus Fixed Fee to support the continued RT Pilot operations at MSP, LAX and IAH.

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

ITEM	DESCRIPTION	QTY	TOTAL EST. AMOUNT
0001	Conduct RT Pilot at 3 airports utilizing "AirGap" solution.	Lot	\$ 2,819,888
	TOTAL EST. COST: \$ 2,660,272		
	FIXED FEE: 159,616		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 2,819,888		
0002	Materials (No Fee)		\$207,999
0003	Travel (No Fee)		NTE \$287,415
0004	Data for CLINs 0001, 0002, and 0003		NSP
	OPTION		
0005	Conduct RT Pilot at TBD airport utilizing wireless solution.	Lot	\$ 1,052,284
	TOTAL EST. COST: \$ 992,721		
	FIXED FEE: 59,563		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 1,052,284		\$
0006	Materials (No Fee)		69,333
0007	Travel (No Fee)		NTE \$75,000
0008	Data for CLINs 0005, 0006, and 0007		NSP

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0001 is **\$159,616**. The Government shall make payments on account of the fixed fee equal to 6.0 % of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 and "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed **85%** of the fixed fee. In the event of discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0005 (if exercised) is **\$59,563**. The Government shall make payments on account of the fixed fee equal to 6.0 % of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 and "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed **85%** of the fixed fee. In the event of discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

- Section F, Place of Performance and Period of Performance are hereby deleted in their entirety and replaced with the following to reflect the extension of RT Pilot Operations.

Place of Performance

Airport	Begin Pilot	Conclude Pilot
MSP	June 27, 2004	January 31, 2005
LAX	July 13, 2004	January 31, 2005
IAH	July 28, 2004	January 31, 2005

Period Of Performance

CLINs 0001 through 0004 shall commence upon contract award and through January 31, 2005.

CLINs 0005 through 0008 (if exercised) shall commence upon date of option exercise and continue for a period of 180 days.

- The address identified in Section G.2(b) for submittal of invoices is hereby deleted in its entirety and replaced with the following:

United States Coast Guard Finance Center
 TSA Commercial Invoices
 P.O. Box 4111
 Chesapeake, VA 23326-4111

4. The total contract funded value is hereby increased from \$2,445,578 by \$869,724 to \$3,315,302. The table below depicts the funding added to each line item.

CLIN	FROM	BY P00002	TO
0001	\$2,087,579	\$732,309	\$2,819,888
0002	\$207,999	-0-	\$207,999
0003	\$150,000	\$137,415	\$287,415
TOTAL	\$2,445,578	\$869,724	\$3,315,302

5. The table below provides the accounting and appropriation data associated with each contract line item funded with execution of this modification.

CLIN	Accounting and Appropriation Data	
0001	05X0508140-2004-1A2BAOPA10-1L00000000-25305	\$ 732,309
0003	05X0508140-2004-1A2BAOPA10-1L00000000-25305	\$ 137,415

6. Except as modified herein, all other terms and conditions of contract HSTS02-04-C-RET002 shall remain in full force and effect.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE OF PAGES 1 4
2. AMENDMENT/MODIFICATION NO. P00003	3. EFFECTIVE DATE See Blk 16c	4. REQUISITION/PURCHASE REQ. NO. 21-05-205CPO055	5. PROJECT NO. (If applicable)	
6. ISSUED BY Transportation Security Administration Arlington, VA 22202		7. ADMINISTERED BY (If other than Item 6) Same as Block 6.		
8. NAME AND ADDRESS OF CONTRACTOR (No. Street, county, State and ZIP Code) Unisys Corporation - 1200 S. Hayes Street Suite 900 Arlington, VA 22202			(✓) 9A. AMENDMENT OF SOLICITATION NO.	
			9B. DATED (SEE ITEM 11)	
			10A. MODIFICATION OF CONTRACT/ORDER NO. X HSTS02-04-C-RET002	
			10B. DATED (SEE ITEM 13) 06/16/2004	
CODE	FACILITY CODE			

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
 (a) By completing Items 8 and 15, and returning one (1) copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATA SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and data specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
5-AV05XA000D-2005-PSS070-GE0000-2300-1L00-CPO000-1L00000000000000-252R-61006600 \$2,470,659 (F)

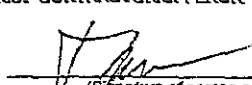

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(✓) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
D. OTHER (Specify type of modification and authority) Mutual Agreement of the parties

E. IMPORTANT: Contractor is not, **X** is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
See page 2.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Thomas D. Mangan Manager of Contracts	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Carl J. DeBernard, Jr., Contracting Officer
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)
15C. DATE SIGNED 1/31/05	16C. DATE SIGNED 1-31-05

HSTS02-04-C-RET002

Modification P00003

The purpose of this modification, P00003, to contract HSTS02-04-C-RET002 is to extend the RT Pilot operations at MSP, LAX and IAH. Accordingly, the following changes are hereby incorporated:

1. Section B is hereby deleted and replaced with the following to reflect the negotiated increase Cost Plus Fixed Fee to support the continued RT Pilot operations at MSP, LAX and IAH.

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

ITEM	DESCRIPTION	QTY	TOTAL EST. AMOUNT
0001	Conduct RT Pilot at 3 airports utilizing "AirGap" solution.	Lot	\$5,290,547
	TOTAL EST. COST: \$ 4,991,082		
	FIXED FEE: 299,465		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 5,290,547		
0002	Materials (No Fee)		\$207,999
0003	Travel (No Fee)		NTE \$287,415
0004	Data for CLINs 0001, 0002, and 0003		NSP
	OPTION		
0005	Conduct RT Pilot at TBD airport utilizing wireless solution.	Lot	\$ 1,052,284
	TOTAL EST. COST: \$ 992,721		
	FIXED FEE: 59,563		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 1,052,284		\$
0006	Materials (No Fee)		69,333
0007	Travel (No Fee)		NTE \$75,000
0008	Data for CLINs 0005, 0006, and 0007		NSP

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0001 is \$299,465. The Government shall make payments on account of the fixed fee equal to 6.0 % of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 and "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed **85%** of the fixed fee. In the event of discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0005 (if exercised) is \$59,563. The Government shall make payments on account of the fixed fee equal to 6.0 % of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 and "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed **85%** of the fixed fee. In the event of discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

- Section F, Place of Performance and Period of Performance are hereby deleted in their entirety and replaced with the following to reflect the extension of RT Pilot Operations.

Place of Performance

Airport	Begin Pilot	Conclude Pilot
MSP	June 27, 2004	September 30, 2005
LAX	July 13, 2004	September 30, 2005
IAH	July 28, 2004	September 30, 2005

Period Of Performance

CLINs 0001 through 0004 shall commence upon contract award and through September 30, 2005.

CLINs 0005 through 0008 (if exercised) shall commence upon date of option exercise and continue for a period of 180 days.

- The total contract funded value is hereby increased from \$3,315,302 by \$2,470,659 to \$5,785,961. The table below depicts the funding added to each line item.

CLIN	FROM	BY P00003	TO
0001	\$2,819,888	\$2,470,659	\$5,290,547
0002	\$207,999	0	\$207,999
0003	\$287,415	0	\$287,415
TOTAL	\$3,315,302	\$2,470,659	\$5,785,961

HSTS02-04-C-RET002
Modification P00003

4. The table below provides the accounting and appropriation data associated with each contract line item funded with execution of this modification.

CLIN	Accounting and Appropriation Data	
0001	5-AV05XA000D-2005-PSS070-GE0000-2300-1L00-CPO000-1L00000000000000-252R-61006600	\$2,470,659

5. Except as modified herein, all other terms and conditions of contract HSTS02-04-C-RET002 shall remain in full force and effect.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE OF PAGES 1 4
2. AMENDMENT/MODIFICATION NO. P00004	3. EFFECTIVE DATE See Blk 16c	4. REQUISITION/PURCHASE REQ. NO. 21-05-205CPO101	5. PROJECT NO. (If applicable)	
6. ISSUED BY Transportation Security Administration Arlington, VA 22202		7. ADMINISTERED BY (If other than Item 6) Same as Block 6.		
8. NAME AND ADDRESS OF CONTRACTOR (No. Street, county, State and ZIP Code) Unisys Corporation 1200 S. Hayes Street Suite 900 Arlington, VA 22202			(✓)	9A. AMENDMENT OF SOLICITATION NO.
				9B. DATED (SEE ITEM 11)
			X	10A. MODIFICATION OF CONTRACT/ORDER NO. HSTS02-04-C-RET002
				10B. DATED (SEE ITEM 13) 06/16/2004
CODE	FACILITY CODE			

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.
 Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
 (a) By completing Items 8 and 15, and returning one (1) copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATA SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and data specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

5-AV05XA000D-2005-PSS070-GE0000-2300-1L00-CPO000-1L00000000000000-252R-61006600 \$28,653.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

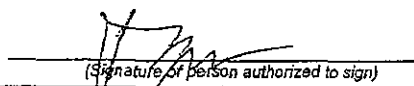

(✓) A.	THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
B.	THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
C.	THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
D.	OTHER Specify type of modification and authority) Mutual Agreement of the parties

E. IMPORTANT: Contractor is not, X is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See page 2.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Thomas D. Morgan Manager of Contracts	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Richard K. Gunderson, Contracting Officer
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 4/13/05
16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED 14 APR 05

The purpose of this modification to contract HSTS02-04-C-RET900 is to revise the Statement of Work and respective sections of the contract. This modification incorporates the expansion of the Registered Armed LEO sub-pilot. The contract is hereby modified as follows:

1. Section B is hereby deleted and replaced with the following:

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

ITEM	DESCRIPTION	QTY	TOTAL EST. AMOUNT
0001	Conduct RT Pilot at 3 airports utilizing "AirGap" solution.	Lot	\$5,299,850
	TOTAL EST. COST: \$ 4,999,858		
	FIXED FEE: 299,992		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 5,299,850		
0002	Materials (No Fee)		\$225,999
0003	Travel (No Fee)		NTE \$288,765
0004	Data for CLINs 0001, 0002, and 0003		NSP
	OPTION		
0005	Conduct RT Pilot at TBD airport utilizing wireless solution.	Lot	\$ 1,052,284
	TOTAL EST. COST: \$ 992,721		
	FIXED FEE: 59,563		
	FCCM: 0		
	TOTAL EST. CPFF: \$ 1,052,284		\$
0006	Materials (No Fee)		69,333
0007	Travel (No Fee)		NTE \$75,000
0008	Data for CLINs 0005, 0006, and 0007		NSP

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0001 is \$299,992. The Government shall make payments on account of the fixed fee equal to 6.0 % of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 and "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed **85%** of the fixed fee. In the event discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

PAYMENT OF FIXED FEE: The fixed fee for work performed under Item 0005 (if exercised) is \$59,563. The Government shall make payments on account of the fixed fee equal to 6.0 % of the amount of each invoice (less FCCM) submitted by the contractor under the Clauses entitled "Allowable Cost and Payment", TSAMS 3.2.4-5 "Fixed Fee", TSAMS 3.2.4-6 of the General Clauses hereto, subject to the withholding provisions of paragraph (b) of TSAMS 3.2.4-6; provided that the total of all such payments shall not exceed **85%** of the fixed fee. In the event of discontinuance of the work, the Fixed Fee shall be redetermined by mutual agreement equitably to reflect the diminution of the work performed. Any balance of the fixed fee shall be repaid by the Contractor or otherwise credited to the Government at the time of final payment.

2. Under Section C, Statement of Work, the attached statement of work for the Registered Armed LEO Sub Pilot of the Registered Traveler Pilot Program, is added.
3. Under Section H, Contract Special Terms and Conditions, the following is added:

7.0 MANAGEMENT AND DISTRIBUTION OF RTPP INFORMATION

- (a) The Contractor shall take all appropriate measures to ensure that information provided by the Government is properly safeguarded.
- (b) The Contractor shall not provide the data to any other government or non-government agency without the written permission of TSA unless such data is compelled by judicial or administrative proceedings. The Contractor shall diligently try to avoid such disclosure and shall afford the Government the opportunity to obtain assurance that compelled disclosure will receive confidential treatment.
- (c) The Contractor shall not use the data in any other contract, test or application other than those specifically authorized by TSA.
- (d) The Contractor shall not seek financial gain (other than the contract itself) through its use of RTPP data to include advertising or indicating to government or non-government activities that it uses the watch lists in the execution of its contract.

The Contractor shall not publicize the specific nature of its use of the Watch List or other data to anyone outside of TSA.

HSTS02-04-C-RET002
 Modification P00004

4. The total contract funded value is hereby increased from \$5,785,961 by \$28,653 to \$5,814,614. The table below depicts the funding added to each line item.

CLIN	FROM	BY P00004	TO
0001	\$5,290,547	\$9,303	\$5,299,850
0002	\$207,999	18,000	\$225,999
0003	\$287,415	1,350	\$288,765
TOTAL	\$5,785,961	\$28,653	\$5,814,614

5. The table below provides the accounting and appropriation data associated with each contract line item funded with execution of this modification.

CLIN	Accounting and Appropriation Data	
0001	5-AV05XA000D-2005-PSS070-GE0000-2300-1L00-CPO000-1L00000000000000-252R-61006600	\$28,653

6. Except as modified herein, all other terms and conditions of contract HSTS02-04-C-RET002 shall remain in full force and effect.

OFFICE OF TRANSPORTATION VETTING AND CREDENTIALING

STATEMENT OF WORK

Registered Armed LEO Sub-Pilot of the Registered Traveler Pilot Program

1. OVERVIEW

The Transportation Security Administration's (TSA) Registered Armed LEO Program is designed to employ a biometric process to validate the identity of Law Enforcement Officers (LEOs) flying armed. In the program, Registered Armed LEOs would be required to present the biometric token at the airport checkpoint, staffed by either TSA personnel or law enforcement. The LEOs biometric (fingerprint) submitted at the checkpoint is compared against the biometric stored on the card. This process will provide a "one to one" match, therefore confirming the identity of the individual. In addition, to develop a process to validate the identity of the LEO in the event of a biometric failure.

2. SCOPE

TSA is seeking contractor support for the Registered Armed LEO at two airports. The airports and dates during which the Registered Armed LEO activities will be conducted are listed below.

Airports	Overall Test Dates*	Contractor
Los Angeles (LAX)	July 13, 2004 – September 30, 2005	Unisys
Washington Reagan National (DCA)	August 18, 2004 – September 30, 2005	EDS

The contractor will be responsible for ongoing Registered Armed LEO activities and develop enhancements as required in the Intelligence Reform and Terrorism Prevention Act. The contractor will provide technical solutions for the verification process and assist on the enrollment of pilot participants. In addition, the contractor will provide all equipment necessary and technical assistance as needed for the operation of the checkpoint verifications.

3. BACKGROUND INFORMATION

3.1 Participants in Registered Armed LEO Pilot:

- (1) Will be members of a federal, state, local, tribal, or territorial law enforcement agencies;
- (2) Will be in good standing with their employer and authorized to fly armed; and
- (3) Will provide two types of biometrics, fingerprints and digital photograph.

3.2 Under the Registered Armed LEO Pilot, LEOs enrolled in the pilot will use the biometric token to validate their identity when flying armed. For the duration of the pilot, existing checkpoint validation procedures will not be changed. Specifically, the biometric token will be an added measure to the existing procedures.

4. GENERAL REQUIREMENTS

The contractor is responsible for:

- Defining the procedures for collecting the data;
- Collecting the data;

- Analyzing the results; and
- Preparing reports.

The data to be collected shall permit qualitative and quantitative analyses to be conducted of the Registered Armed LEO Program's impact on LEO biometric verifications at airport checkpoints. The results should address questions, such as:

- What evidence, if any, indicates that the Registered Armed LEO Program improves alignment between TSA's security resources and potential security risks?
- How effective are the biometric technologies in verifying the identity of the Registered Armed LEOs?
- What characteristics of security checkpoint configurations expedite or impede the processing of Registered Armed LEOs?

5. TASKS

- 5.1 Continue the Registered Armed LEO activities at the LAX and DCA pilot sites to
 - Continue technical support and equipment at the checkpoints;
 - Identify and define data that are both feasible and appropriate for evaluating the costs and effectiveness of the Registered Armed LEO Program; and
 - Develop a process to validate the identity of the LEO in the event of a biometric failure.
- 5.2 Prepare written instructions for verification procedures at the airport checkpoints. The instructions should be clear and direct to ensure that personnel staffing the checkpoints have a reference available which can be used as an instructional guide
 - Training instruction material should be in a "train the trainer" format
 - Contractor will provide initial training to selected agency personnel only and further training requirements will have no further obligations unless otherwise directed.
- 5.3 Participate on the enrollments of LEOs identified to participate on the expanded pilot activities
- 5.4 Prepare and submit a Pilot Evaluation Plan outline for approval by the Government. The Evaluation Plan shall address data to be collected, data collection strategies, functions to be evaluated, analytic techniques, findings, recommendations, and any other areas the contractor deems appropriate.
- 5.5 Collect data and troubleshoot problems that may impact the reliability and validity of data collection and submission procedures. Maintain, by airport, a log of problems or issues that were encountered and how they were solved.
- 5.6 Review and analyze the data collected. Prepare and submit a draft Evaluation Report for each airport, in accordance with the approved Evaluation Plan outline. The Evaluation Reports are to include tables, graphs, and charts, as appropriate. The government will provide comments on each airport's Evaluation Report; these comments shall be incorporated into the Final Report.
- 5.7 Prepare and submit a draft Final Report which includes an analysis and summary of all Registered Armed LEO Program data. The draft is to include recommendations for national implementation.
- 5.8 After receiving comments from the government (within five - ten business days), submit the Final Report and the documents required in 5.6 and 5.7. The contractor shall incorporate into this Final Report the government's comments on the draft Evaluation Report and draft Final Report.

5.9 Optional Task. The contractor shall prepare for and testify as needed. The contractor shall also develop information (e.g., descriptions of the contractor's procedures and the statistical analyses performed by the contractor and their results) needed by TSA when preparing for Congressional hearings or other high-level inquiries into the Registered Armed LEO Program.

6. GOVERNMENT FURNISHED ITEMS

TSA will provide the contractor with access to pilot study sites and available Registered Armed LEO Program information that is relevant to the study.

7. CONTRACTOR FURNISHED ITEMS

The contractor shall furnish the necessary personnel, materials, services, equipment, facilities, and perform everything necessary for and incident to the performance specified in this SOW.

8. WORK SITES AND WORK HOURS

Contractor personnel will be required to collect data and troubleshoot problems at the two airports in accordance with the approved Pilot Evaluation Plan. The plan also may require contractor personnel to work weekends and evenings.

9. MATERIALS/RECORD MAINTENANCE

9.1 All Registered Armed LEO Program data, documents, and reports collected or created under this contract are the property of the TSA and are to be used solely for performing work on this project. The contractor shall not use, disclose, or distribute data, documents or reports except as described in this SOW or as directed by the Contracting Officer's Representative (COR).

9.2 All documents and databases involving Registered Armed LEOs are covered by the Privacy Act and must be maintained in accordance with Privacy Act requirements.

9.3 Two weeks before the completion of the contract, the contractor shall notify the COR of the need to discuss disposition of data obtained under the contract. Working with the COR, the contractor shall then surrender all Registered Armed LEO data, documents, and reports in accordance with the COR's instructions when the contract ends. The disposition of the information shall ensure that Registered Armed LEO information collected under this contract cannot be used, in whole or in part, for purposes other than those described in this SOW.

10. PERSONNEL REQUIREMENTS

10.1 The Project Manager must have a minimum of five years experience in conducting similar programs or studies.

10.2 Lead Analysts must have a minimum of three years experience in analyzing qualitative and quantitative data collected in similar programs or studies.

10.3 All other personnel assigned to this project must have at least one year of experience in performing program management tasks that are similar in scope and complexity to the ones described in this study.

10.4 All personnel assigned to this study shall be required to sign a nondisclosure statement to be provided by the Contracting Officer.

11. PERIOD OF PERFORMANCE

The period of performance will be from date of award to no longer than September 30, 2005.

12. DELIVERABLES AND SCHEDULE OF DELIVERY

DELIVERABLES	Section Ref:	DELIVERY SCHEDULE
12.1 Support to verifications at airport checkpoints	5.1	For contract award not to exceed September 30, 2005
12.2 Instructions	5.2	Within ten business days of contract award.
12.3 Enrollments	5.3	To begin by NLT April 25, 2005
12.3 Pilot Evaluation Plan outline	5.4	Within 15 business days of contract award.
12.4 Problem log for an airport	5.5	Within four days after data collection at an airport ends.
12.5 Draft Evaluation Report for an airport	5.6	Ten business days after data collection at the airport ends.
12.6 Draft of Final Report.	5.6 – 5.7	Draft is due 15 business days after all data collection has been completed.
12.7 Final Report	5.8	Within ten business days after receiving comments and feedback from the government.

13. TRAVEL

Travel to pilot sites will be reimbursed by TSA provided the travel is performed in accordance with Federal Travel Regulations. All travel must be approved by the COTR in advance.

14. CONTRACTING OFFICER'S REPRESENTATIVE

Kurt Zobrist
 Credentialing Program Office
 TSA Headquarters, East Building
 8th Floor, Mail Stop TSA 19
 601 South 12th Street
 Arlington, VA 22202-4220
 Telephone: 571-227- 2069