

<b>AWARD/CONTRACT</b>		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350) <span style="float: right;">RATING <span style="border: 1px solid black; padding: 2px;">▶</span></span>		PAGE OF PAGES 1			
2. CONTRACT (Proc. Inst. Ident.) NO. NASI-20469		3. EFFECTIVE DATE		4. REQUISITION/PURCHASE REQUEST/PROJECT NO. AFB.0009			
5. ISSUED BY  National Aeronautics and Space Administration Langley Research Center Hampton, VA 23681-0001		CODE		6. ADMINISTERED BY (If other than Item 5)  CODE			
7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP Code)  Prime: Small Business Administration 9301 Southwest Freeway, Suite 550 Houston, TX 77074-1591  Sub: Hernandez Engineering, Inc. 17625 El Camino Real, Suite 200 Houston, TX 77058				8. DELIVERY <input type="checkbox"/> FOB ORIGIN <input type="checkbox"/> OTHER (See below)			
				9. DISCOUNT FOR PROMPT PAYMENT			
				10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: <span style="float: right;">ITEM See Section G. <span style="border: 1px solid black; padding: 2px;">▶</span></span>			
CODE		FACILITY CODE					
11. SHIP TO/MARK FOR  See Exhibit A.		CODE		12. PAYMENT WILL BE MADE BY  Financial Management Division, M/S 175 NASA, Langley Research Center Hampton, VA 23681-0001			
13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: <input checked="" type="checkbox"/> 10 U.S.C. 2304(c)( 5 ) <input type="checkbox"/> 41 U.S.C. 253(c)( )				14. ACCOUNTING AND APPROPRIATION DATA PR: AFB.0009; ; \$ (Complete)			
15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT		
	Safety, Quality and Reliability Services	Base Min. Max. Options Min. Max.			\$ 10,000 \$ 2,000,000  \$ 40,000 \$ 8,000,000		
15G. TOTAL AMOUNT OF CONTRACT ▶					\$ 10,000,000		
16. TABLE OF CONTENTS							
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17. <input type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return _____ 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.					
19A. NAME AND TITLE OF SIGNER (Type or print)  SEE TRIPARTITE AGREEMENT		20A. NAME OF CONTRACTING OFFICER  SEE TRIPARTITE AGREEMENT					
19B. NAME OF CONTRACTOR  BY _____ (Signature of person authorized to sign)		20B. UNITED STATES OF AMERICA  BY _____ (Signature of Contracting Officer)					
19C. DATE SIGNED		20C. DATE SIGNED					

TRIPARTITE AGREEMENT

RFP No. 1-124-AFB.0009

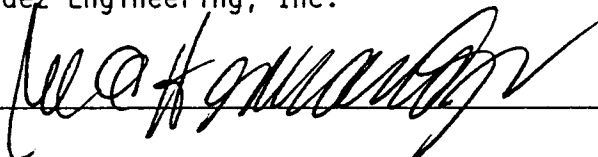
Prime Contract NAS1-20469

Subcontract 2671-95-1-00020

SIGNATURE PAGE

Subcontractor

Hernandez Engineering, Inc.

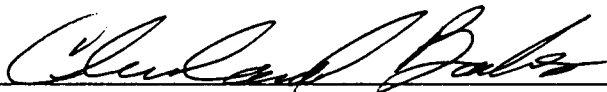
By: 

04/06/95  
Date

Name & Title Miguel A. Hernandez, Jr.

President

Small Business Administration  
United States of America

By: 

APR 13 1995  
Date

Name & Title: Cleveland Baker

Contracting Officer

National Aeronautics and Space Administration

By: 

4/5/95  
Date

Name & Title: Panice H. Clark

Contracting Officer

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## PART I - THE SCHEDULE

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

## B.1 SCOPE OF WORK

A. This is an Indefinite-Delivery/Indefinite-Quantity Cost-Plus-Fixed-Fee type contract with completion form delivery orders for the Contractor to furnish services for a comprehensive safety, quality and reliability program as described in Section C, Statement of Work with a base year and options to renew the contract for four years. The work to be accomplished under this contract, for each delivery order(s) issued, consists of tasks. The Contractor shall, upon receipt of duly executed Delivery Order(s), perform all services required by each delivery order. The Contractor shall complete all work and services under this contract within the period of time specified in the Delivery Order(s) to be issued except that no Delivery Order(s) shall be issued hereunder after expiration of this contract.

## B. Contract Line Item Numbers (CLIN)

<u>CLIN</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1	Safety, Quality and Reliability Services	As specified in accordance with individual Delivery Order(s).
2	Contract Documentation as specified in Exhibit A	Not Separately Priced (NSP)

## B.2 CONTRACT MINIMUM

The Government issued Delivery Order(s) under this contract shall provide for a minimum of \$10,000 worth of services for the base year. Exhibit D identifies Delivery Orders 001 and 002 which are issued concurrent with award and provides for the Government's guaranteed minimum.

## B.3 CONTRACT MAXIMUM

The Government issued Delivery Order(s) under this contract shall not exceed a maximum of \$2,000,000 for the base year.

## B.4 TYPE OF CONTRACT

A. An Indefinite-Delivery/Indefinite-Quantity Cost-Plus-Fixed-Fee contract with completion form delivery orders is contemplated pursuant to FAR 16.504 and 16.306(d)(1). Individual tasks will be negotiated on a completion form basis pursuant to FAR 16.306(a). The completion form describes the scope of work by stating a definite goal or target and specifying an end product. This form of order requires the Contractor to complete and deliver the specified end-product within the estimated cost, if possible, as a condition for payment of the entire fixed-fee. However, in the event the order cannot be completed within the estimated cost, the Government may require more effort without increase in fee, provided the Government increases the estimated cost of the order.

B. The Contractor shall furnish and complete all work and services for each Delivery Order issued under the terms and conditions of the basic contract and each Delivery Order.

C. Pursuant to the Clause FAR 52.216-18, Delivery Order(s) may be issued only if authorized by the Contracting Officer. The Contractor is not obligated to perform work, unless specifically directed by a delivery order issued by the Contracting Officer.

D. The work performed hereunder shall be performed by personnel possessing not less than the level of qualifications proposed by the Contractor and considered by the Government in awarding the contract.

#### B.5 FUNDING OF DELIVERY ORDERS

The funds identified in Block 14 of Page 1 apply to the guaranteed minimum requirements. Funds for delivery orders, for other than the stated minimum quantity, are obligated by each delivery order and not by the contract itself. Delivery Orders may be fully or incrementally funded. FAR 52.232-20, Limitation of Cost, applies to each fully funded order and FAR 52.232-22, Limitation of Funds, applies to each incrementally funded order.

#### B.6 ADMINISTRATION OF DELIVERY ORDER FUNDING

A. The Contractor agrees that all future incremental funding shall be accomplished by Administrative Change Modification and that the funding procedure shall in no way change the Contractor's notification obligations as set forth in the "Limitation of Funds" clause.

B. In addition to the requirements of the "Limitation of Funds" clause, the Contractor shall notify the Contracting Officer in writing if, at any time, the Contractor has reason to believe that the total cost to the Government for the complete performance of a delivery order will be greater or substantially less than the then total estimated cost of the order. Such notification shall give a revised estimate of the total cost for the performance of this order.

### SECTION C - DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

#### C.1 STATEMENT OF WORK

##### 1.0 Background

The Office of Safety, Environment, and Mission Assurance (OSEMA) is responsible for the development, implementation, and management of a comprehensive safety, quality and reliability program for the Center. This Statement of Work defines contracted efforts which support these program elements.

Within the OSEMA, the Office of Mission Assurance (OMA) provides system Safety, Reliability and Quality (SR&Q) assurance support to LaRC Space Flight and Aeronautical projects. To support these projects the OMA works with the responsible project personnel to develop assurance programs which are tailored from existing Government requirements, guidelines and industry standards and then support their accomplishment. The specific product assurance requirements for the

OMA are documented in the LaRC Program Assurance Manual, LHB (Langley Handbook) 5300.1, which defines the Center's quality system, program specific Product Assurance and Safety Plans, Safety Data Packages and associated Hazard Analyses, Reliability Analyses and Risk Assessments.

The Office of Safety and Facility Assurance (OSFA), OSEMA, plans, develops and implements assurance programs which measure and control safe and reliable operations and provide protection of personnel and property. The OSFA ensures compliance with established programs and regulations regarding system safety, reliability, maintainability, and quality assurance.

In light of the pending NASA restructuring, it is anticipated that this contract could service other NASA Centers.

## 2.0 Scope

The contractor shall perform the tasks assigned. This will require developing and implementing product/software assurance programs for space flight and aeronautics projects, performing quality system assessments, and conducting reliability and assurance engineering analysis for facility design, construction, and operations activities. The contractor will be required to perform in the following tasks areas:

- 3.0 \*Spaceflight Program Safety and Mission Assurance
- 4.0 \*Aeronautics R&D Safety, Reliability and Quality Assurance
- 5.0 \*Reliability Engineering Analysis for Spaceflight and Aeronautics
- 6.0 \*Quality System Assessments
- 7.0 \*Software Assurance
- 8.0 \*Safety & Facility Assurance Engineering Support

Services will be obtained from the Contractor through individual delivery orders on an as required basis. All requirements will meet the following criteria:

- (a) Requirements will not constitute an inherent Government function.
- (b) Requirements will not duplicate comparable services performed by Government personnel per project/program.
- (c) Each requirement will result in an identifiable final product or achievement of specific performance standards.

## 3.0 Spaceflight Program Safety and Mission Assurance

The contractor shall develop and implement Product Assurance Programs to identify processes and documentation necessary to eliminate or control risks associated with the design and development of space flight hardware. Contractor tasks may include:

- 3.1 Develop, evaluate, and/or implement Product Assurance Plans to include all program system safety, reliability and quality assurance requirements.

3.2 Generate and/or evaluate safety data packages in support of the Space Transportation System (STS) safety certification process.

3.3 Perform and/or evaluate hazard analyses including Preliminary Hazards Analysis, Subsystem and System Hazard Analyses, Fault Tree Analysis, Failure Mode and Effects Analysis and Single Point Analysis.

3.4 Provide monitoring during the manufacture, testing, integration and launch of in-house or contract built spaceflight or other flight hardware.

#### 4.0 Aeronautics R&D Safety, Reliability and Quality Assurance

The contractor shall apply analytical tools to a broad area of aeronautical research and development programs which include aeronautical performance, thermodynamic performance, control analysis, engine and power plant systems, wind tunnel testing, flight testing, avionics systems, and composite aircraft materials. The contractor shall present and defend the results of computational analyses in written reports and oral presentations. The contractor shall attend technical meetings and reviews and provide reports and presentations necessary to support the project objectives. Contractor tasks may include:

4.1 Develop, evaluate, and/or implement Product Assurance Plans for specific aeronautical research and development projects.

4.2 Perform and/or evaluate hazard analyses and risk assessments, (i.e., fault tree analysis, failure modes and effects analysis, systems and subsystem hazard analyses, single point failure analysis, and probabilistic risk assessment).

4.3 Provide monitoring during the critical phases of manufacturing, testing, integration and flight test of in-house or contract built aeronautical flight hardware.

#### 5.0 Reliability Engineering Analysis for Spaceflight and Aeronautics

The contractor shall apply analytical methods to develop mathematical models or use existing tools that probabilistically simulate electrical, mechanical, and software systems. Contractor tasks may include:

5.1 Evaluation of state-of-the-art solutions to fault-tolerant system reliability assessment requirements to identify system deficiencies and recommend solutions to assure highly reliable systems.

5.2 Perform reliability analyses (reliability block diagrams, fault tree analysis, failure modes and effects analysis, etc.) of electrical/electronics, mechanical and software systems. Provide a single mission success reliability number for space flight and/or aeronautical R&D projects.

#### 6.0 Quality System Assessment

The contractor shall perform assessments of quality systems within the functional organizations of LaRC and/or their suppliers and contractors. Specific contractor tasks may include:



6.3 Perform assessments of LaRC organizations and/or contractors and suppliers. Make recommendations to ensure compliance with specific quality standards, and regulations.

6.4 Provide training courses to assure understanding of ISO 9000 guidelines and their implementation within NASA and/or their contractors.

#### 7.0 Software Assurance

The contractor shall evaluate the software management plans and implementation processes. Contractor tasks may include the following:

7.1 Perform software assurance assessments of specific projects. Review/evaluate software project management documentation. Evaluate quality of software development at life-cycle stages of a project.

7.2 Perform software assurance functions on specific projects. Recommend software assurance tools and practices to specific projects.

#### 8.0 Safety & Facility Assurance Engineering Support

The contractor shall perform a broad range of safety and facility assurance functions to effectively achieve the identification, risk assessment, and control of hazards to personnel and equipment associated with the construction, modification and operation of facilities. Contractor tasks may include:

8.1 Conduct Failure Modes and Effects Analysis in concert with a focus on improving the reliability of research facilities.

8.2 Collect, analyze, and develop trends of component failure data. Recommend corrective actions to improve reliability of facilities.

8.3 Perform facility assessments for compliance to current national fire consensus codes and Agency regulations by conducting on-site inspections, reviewing design documentation, and performing fire rating assessments. Make recommendations for correcting deficiencies.

8.4 Perform facility assessments for compliance with NASA safety, reliability, and maintainability requirements. Make recommendations for correcting deficiencies.

#### SECTION D - PACKAGING AND MARKING

##### D.1 PACKAGING AND MARKING (ALTERNATE I) (NASA 18-52.210-75) (SEP 1990)

(a) The Contractor shall preserve, pack, and mark for shipment all items deliverable under this contract in accordance with good commercial practices and adequate to ensure both acceptance by common carrier and safe transportation at the most economical rate(s).

(b) The Contractor's markings on shipping containers shall be clearly legible from a distance of 36 inches. The Contractor may mark by stencil, rubber stamp, or lacquer over a coated gummed label.

(c) The Contractor shall place identical requirements on all subcontracts.

#### SECTION E - INSPECTION AND ACCEPTANCE

##### E.1 FINAL INSPECTION AND ACCEPTANCE (LaRC 52.246-94) (OCT 1992)

Final inspection and acceptance of all items specified for delivery under this contract shall be accomplished by the Contracting Officer or her duly authorized representative at destination or as specified in delivery orders.

#### SECTION F - DELIVERIES OR PERFORMANCE

##### F.1 PERIOD OF PERFORMANCE (NASA 18-52.212-74) (DEC 1988)

The period of performance of this contract shall be 12 months from the effective date of this contract, which is the date of signature by the Contracting Officer of the Small Business Administration (SBA).

##### F.2 COMPLETION DATE FOR DELIVERY ORDERS

Any order issued during the effective period of this contract and not completed within that period shall be completed by the Contractor within the time specified in the order (not to exceed six months beyond the completion date of the contract). The contract shall govern the Contractor's and Government's rights and obligations with respect to that order to the same extent as if the order were completed during the contract's effective period.

##### F.3 PLACE OF DELIVERY (LaRC 52.212-92) (OCT 1992)

Delivery shall be f.o.b. destination:

As specified in delivery orders.

##### F.4 PLACE(S) OF PERFORMANCE (LaRC 52.212-98) (OCT 1992)

The place(s) of performance shall be:

The Contractor's facility, NASA, Langley Research Center, Hampton, Virginia; and other sites as may be designated by delivery order.

#### SECTION G - CONTRACT ADMINISTRATION DATA

##### G.1 SUBMISSION OF VOUCHERS FOR PAYMENT (NASA 18-52.216-87) (DEC 1988)

(a) Public vouchers for payment of costs and fee shall include a reference to this contract NAS1-20469. Each voucher shall have separate itemizations for each delivery order and be forwarded to:

NASA Langley Research Center  
 Attn: Financial Management Division, MS 175  
 Hampton, VA 23681-0001

This is the designated billing office for cost and fee vouchers for purposes of the Prompt Payment clause of this contract.

Cost vouchers shall be submitted through DCAA.

Fee vouchers shall be submitted through the Contracting Officer.

(b) The Contractor shall prepare vouchers as follows:

(1) One original Standard Form (SF) 1034, SF 1035, or equivalent Contractor's attachment.

(2) Four copies of SF 1034A, SF 1035A, or equivalent Contractor's attachment.

(3) The Contractor shall mark SF 1034A copies 1, 2, 3, 4, and such other copies as may be directed by the Contracting Officer by insertion in the memorandum block the names and addresses as follows:

- (i) Copy 1 NASA Contracting Officer;
- (ii) Copy 2 Auditor;
- (iii) Copy 3 Contractor; and
- (iv) Copy 4 Contract administration office.

(c) In the event that amounts are withheld from payment in accordance with provisions of this contract, a separate voucher for the amount withheld will be required before payment for that amount may be made.

#### G.2 COST PAYMENTS (LaRC 52.232-105) (NOV 1989)

Payments of cost will be made in monthly installments.

#### G.3 PAYMENT OF FEE

No monthly installment of fixed fee shall exceed the proportion of the cost incurred to the estimated cost of a delivery order. Notwithstanding, any payments shall be subjected to the withholding provisions of the clause of this contract entitled, "Fixed Fee." If the Contracting Officer determines that the provisional payment of fee on the above basis results in, or has resulted in payment at a rate in excess of the percentage of delivery order work completed, the Government has the right to reduce any payment by requiring a refund and/or adjustment of any payment to be made by the estimated amount of such excess.

#### G.4 LIST OF INSTALLATION-PROVIDED PROPERTY AND SERVICES

A. In accordance with the Installation Provided Government Property clause of this contract, the Contractor is authorized use of the types of property and services listed below, to the extent they are available, while on-site at the NASA installation.

1. Office space, furniture, work area space, and utilities. The Contractor shall use Government telephones for official purposes only.

2. Publications and blank forms stocked by the installation.

3. Institutional fire protection.

4. Cafeteria privileges for Contractor employees during normal operating hours.

5. Building maintenance for facilities occupied by Contractor personnel.

6. Moving and hauling for office moves, movement of, large equipment, and delivery of supplies. Moving services shall be provided on-site, as approved by the Contracting Officer.

B. If the Contractor acquires property as a direct cost under this contract, this property also shall become accountable to the Government upon its entry into the NASA Equipment Management System (NEMS) in accordance with the property-reporting requirements of this contract.

C. The Contractor shall advise the Contracting Officer, in writing, before it brings property owned or leased by the Contractor, or other property that the Contractor is accountable for under any other Government contract, on-site for use under this contract.

D. The responsibilities of the Contractor as contemplated by paragraph (a) of the Installation-Provided Government Property clause are defined in the following property management directives and installation supplements to these Directives:

1. NHB 4200.1, NASA Equipment Management Manual.
2. NHB 4200.2, NASA Equipment Management System (NEMS) User's Guide for Property Custodians.
3. NHB 4300.1, NASA Personal Property Disposal Manual.
4. NHB 4100.1, NASA Materials Inventory Management Manual.

#### G.5 PROVIDING FACILITIES TO CONTRACTORS

In accordance with FAR 45.302-1, it is the policy of the Government that Contractors shall furnish all facilities required for performing Government contracts. "Facilities" include real property (land and buildings) and plant equipment. Plant equipment includes general purpose, off-the-shelf items of equipment. This includes general purpose office equipment normally found in a business office such as copiers, fax machines, typewriters, calculators and automated data processing equipment (ADPE) as defined in FAR 31.001. "Facilities" do not include material, special test equipment, special tooling, or agency-peculiar property.

In keeping with this policy the Government will not provide "facilities" other than those items listed in G.4 above. The Government provides "facilities" not only by transferring property to the Contractor for use under the contract but

also by the Contractor acquiring the "facilities" and direct charging the cost to the contract for which the Government would then take title. The Contractor shall not acquire items of "facilities" and direct charge to this contract for which the Government would then take title.

Notwithstanding the "Allowable Cost and Payment" clause of this contract, costs of facilities are not an allowable cost except when charged to this contract in the form of depreciation and in accordance with your approved accounting system.

#### G.6 DELIVERY ORDERS

A. The services to be provided within the areas outlined in Section C, Description/Specifications/Work Statement, will be more specifically directed in a completion form fashion by means of written delivery orders. All orders will be on Optional Form 347 (or a facsimile thereof) and issued solely by the Contracting Officer.

B. The resultant delivery order will be a product of negotiations between the Government and the Contractor. The Contractor shall submit both a technical and cost proposal in response to a Work Statement. The technical proposal shall fully describe the Contractor's approach to accomplish the work, including a schedule for performance and a description of all deliverables to be submitted. The Contracting Officer is responsible for determining reasonableness of pricing for each delivery order requirement. Proposals shall include sufficient details to support and explain all costs proposed giving figures and narrative explanation. The cost proposal shall identify the categories of labor, the labor rates, indirect burden and all other direct costs (e.g. materials, equipment, travel, subcontractors, and/or consultants). Similar information shall be submitted for each subcontractor or consultant proposed.

C. Delivery order shall contain, as a minimum, the following information:

1. Date of order, contract number and order number;
2. Description of the scope of work to be done with a clearly defined task with a definite goal or target expressed and with a specific end product required;
3. Period of performance of the delivery order citing the required completion date and/or delivery schedule;
4. Government-furnished items, if any;
5. Written or oral reporting requirements for the particular delivery order;
6. Available Funding;
7. Estimated Cost; and
8. Fixed Fee.

D. The Contractor shall acknowledge acceptance of each delivery order by signing and returning a copy within seven calendar days. Delivery orders not accepted by the Contractor will not be binding on the Contractor.

#### G.7 CONTRACT CLOSEOUT (LaRC 52.242-90) (JUN 1988)

A. Reassignment--After receipt, inspection, and acceptance by the Government of all required articles and/or services, and resolution of any pending issues raised during the Period of Performance, this contract will be reassigned to the NASA Langley Research Center Contracting Officer for Contract Closeout. All transactions subsequent to the physical completion of the contract should, therefore, be addressed to the said Contracting Officer at NASA Langley Research Center, Mail Stop 126, who may be reached by telephone at (804) 864-2462.

B. "Quick Closeout"--Paragraph (f) of the Allowable Cost and Payment clause of this contract addresses the "Quick Closeout Procedure" delineated by Subpart 42.7 of the Federal Acquisition Regulation (FAR). It should be understood that the said procedure applies to the settlement of indirect costs for a specific contract in advance of the determination of final indirect cost rates when the amount of unsettled indirect cost to be allocated to the contract is relatively insignificant. Therefore, the "Quick Closeout" procedure does not preclude the provisions of paragraph (d) of the Allowable Cost and Payment clause nor does it constitute a waiver of final audit of the Contractor's Completion Voucher.

C. Completion Voucher Submittal--Notwithstanding the provisions of the Allowable Cost and Payment clause, as soon as practicable after settlement of the Contractor's indirect cost rates applicable to performance of the contract, the Contractor shall submit a Completion Voucher as required by the aforesaid clause. The Completion Voucher shall be supported by a cumulative claim and reconciliation statement and executed NASA Forms 778, Contractor's Release, and 780, Contractor's Assignment of Refunds, Rebates, Credits, and Other Amounts. Unless directed otherwise by the Contracting Officer for Contract Closeout, the Contractor shall forward the said Completion Voucher directly to the cognizant Government Agency to which audit functions under the contract have been delegated.

### SECTION H - SPECIAL CONTRACT REQUIREMENTS

#### H.1 OPTION TO EXTEND THE TERM OF THE CONTRACT (FAR 52.217-9) (MAR 1989)

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

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

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 60 months.

## H.2 OPTIONS

Priced Options/Extended Term

Pursuant to the H.1 clause entitled "Option to Extend the Term of the Contract (MAR 1989)," the Contractor hereby grants to the Government options to extend the term of the contract for four additional periods of 12 months each and the procurement of CLINs 3-10, respectively. Such options are to be exercisable by issuance of a unilateral modification. In the event an option year is exercised, the Government guarantees a minimum order of \$10,000 of services. Government ordering will not exceed a maximum of \$2,000,000 of services for each of the option years. The Government issued Delivery Orders under this contract shall not exceed a maximum of \$10,000,000 including the option years.

<u>CLINs</u>	<u>DESCRIPTION</u>	<u>VALUE</u>	<u>AMOUNT</u>
<u>Option Year 1</u>			
3	Safety, Quality and Reliability Services	Minimum \$ 10,000 Maximum \$2,000,000	As specified in accordance with individual Delivery Order(s).
4	Contract Documentation as specified in Exhibit A		Not Separately Priced (NSP)
<u>Option Year 2</u>			
5	Safety, Quality and Reliability Services	Minimum \$ 10,000 Maximum \$2,000,000	As specified in accordance with individual Delivery Order(s).
6	Contract Documentation as specified in Exhibit A		Not Separately Priced (NSP)
<u>Option Year 3</u>			
7	Safety, Quality and Reliability Services	Minimum \$ 10,000 Maximum \$2,000,000	As specified in accordance with individual Delivery Order(s).
8	Contract Documentation as specified in Exhibit A		Not Separately Priced (NSP)
<u>Option Year 4</u>			
9	Safety, Quality and Reliability Services	Minimum \$ 10,000 Maximum \$2,000,000	As specified in accordance with individual Delivery Order(s).
10	Contract Documentation as specified in Exhibit A		Not Separately Priced (NSP)

### H.3 PERIOD FOR EXERCISE OF OPTION

The Government may exercise Option CLINs 3 and 4 within 12 months after contract award, Option CLINs 5 and 6 within 24 months of contract award, Option CLINs 7 and 8 within 36 months of contract award and Option CLINs 9 and 10 within 48 months of contract award. Such options are to be exercisable by issuance of a unilateral modification.

### H.4 CONTRACTOR EMPLOYEE'S SECURITY CLEARANCE (LaRC 52.204-90) (OCT 1992)

By virtue of their particular work assignment, certain Contractor employees, may be required to have a security clearance granted in accordance with DOD 5220.22M, "Department of Defense Industrial Security Manual for the Safeguarding of Classified Information (ISM)". Clearances will be issued by the Department of Defense (DOD). Within 10 working days after an employee is identified by the Government and/or the Contractor as requiring a SECRET or higher clearance, the Contractor shall submit to the Contracting Officer evidence of the submittal of a request for clearance to DOD for such employee. If the clearance for an employee has not been issued by DOD within 120 calendar days of the submittal of the request for clearance to DOD, the Contractor may be required to remove the employee from the contract.

### H.5 SECURITY PROGRAM/FOREIGN NATIONAL EMPLOYEE INVESTIGATIVE REQUIREMENTS (LaRC 52.204-91) (NOV 1991)

Prior to reporting to Langley Research Center (LaRC) to perform under a contract or grant, each Foreign National shall have approval for access to LaRC facilities from NASA Headquarters, International Relations Division (Code XID). A copy of the access authorization request shall be provided to the LaRC Chief of Security. Additionally, an investigation by the Government shall be completed on each Foreign National contractor prior to reporting to LaRC to perform under a contract or grant. A properly executed "Name Check Request" (NASA Form 531) and a completed "applicant" fingerprint card shall be submitted to the LaRC Security Office, Mail Stop 182, for each Foreign National contractor at least 75 days prior to the estimated entry on duty date. The NF 531 and fingerprint card may be obtained from the LaRC Security Office. If the access approval is obtained from NASA Headquarters prior to completion of the investigation, and the Contracting Officer requires a Foreign National to work on LaRC, an escort request may be considered by the LaRC Chief of Security.

### H.6 OBSERVATION OF REGULATIONS AND IDENTIFICATION OF CONTRACTOR'S EMPLOYEES (LaRC 52.212-104) (MAR 1992)

A. Observation of Regulations--In performance of that part of the contract work which may be performed at Langley Research Center or other Government installation, the Contractor shall require its employees to observe the rules and regulations as prescribed by the authorities at Langley Research Center or other installation.

B. Identification Badges--At all times while on LaRC property, the Contractor shall require its employees, subcontractors and agents to wear badges which will be issued by the NASA Contract Badge and Pass Office, located at



1 Langley Boulevard (Building No. 1228). Badges shall be issued only between the hours of 6:30 a.m. and 4:30 p.m., Monday through Friday. Contractors will be held accountable for these badges, and may be required to validate outstanding badges on an annual basis with the NASA LaRC Security Office. Immediately after employee termination or contract completion, badges shall be returned to the NASA Contract Badge and Pass Office.

#### H.7 INCORPORATION OF SECTION K OF THE PROPOSAL BY REFERENCE (LaRC 52.215-107) (MAR 1989)

Pursuant to FAR 15.406-1(b), the completed Section K of the proposal dated is hereby incorporated herein by reference.

#### H.8 SECURITY CLASSIFICATION

The highest classification applicable to the performance of the effort under this contract will be SECRET.

The Contractor and Contractor's personnel will comply with the Section I Clause 52.204-2, Security Requirements. The Contract Security Classification Specifications are set forth in DD Form 254 included as Exhibit B.

#### H.9 PUBLIC RELEASE OF INFORMATION PERTAINING TO THIS CONTRACT

Before any proposed public release of information pertaining to this contract, the work called for thereunder shall be submitted to the Contracting Officer for approval prior to release. No information shall be released without written approval from the Contracting Officer.

#### H.10 ADVANCE AGREEMENT ON FEE

The Contractor agrees that the fixed fee on Delivery Orders will be 7% of the total estimated cost of the requirement.

#### H.11 CONTRACTING OFFICER'S AUTHORITY

No oral or written statement of any person other than the Contracting Officer's will in any manner or degree modify or otherwise affect the terms of this contract. The Contracting Officer is the only person authorized to approve changes in any of the requirements under this contract and, notwithstanding any provisions contained elsewhere in this contract, the said authority remains solely with the Contracting Officer. In the event the Contractor effects any such change at the direction of any person other than the Contracting Officer, the change will be considered to have been made without authority and the Government will not be obligated to make an adjustment in the delivery order price to cover any increase in cost incurred as a result thereof, or any other terms.

#### H.12 GOVERNMENT - CONTRACTOR RELATIONSHIPS

A. The Government and the Contractor understand and agree the services to be delivered under this contract by the Contractor are nonpersonal services and the parties recognize and agree that no employer-employee relationships exist or will exist under the contract between the Government and the Contractor and/or

between the Government and the Contractor's employees. It is, therefore, in the best interest of the Government to afford the parties a full and complete understanding of their respective obligations.

B. Contractor personnel under this contract shall not:

1. Be placed in a position where they are subject to the relatively continuous supervision, direction, or control of a Government employee.
2. Be placed in a staff or policy making position.
3. Be placed in a position of command, supervision, direction, or evaluation over Government personnel, or personnel of other Contractors or become a part of a Government organization.

C. Employee Relationships:

1. The services to be performed under this contract do not require the Contractor or its employees to exercise personal judgement and discretion on behalf of the Government, but rather the Contractor's employees will act and exercise personal judgement and discretion on behalf of the Contractor.
2. The Contractor will not be paid for performance of personal services. Therefore in the event the Contractor (or its employee) are directed by any Government employee to perform what it believes are personal services, the Contractor should advise the Contracting Officer for a determination as to whether any such tasks should be performed.

H.13 HANDLING OF DATA

(a) Paragraph (d)(1) of the "Rights in Data--General" clause of this contract permits the Government to restrict the Contractor's right to use, release to others, reproduce, distribute, or publish any data first produced or specifically used by the Contractor in the performance of the contract provided such restriction is expressly set forth in the contract. Pursuant to this authority, the following restrictions shall apply to such data and shall be included, in substance, in all subcontracts:

(b) Data specifically used.

(1) In the performance of this contract, it is anticipated the Contractor may have access to, or be furnished, data (including financial, administrative, cost or pricing, or management information as well as technical data and computer software) of third parties which NASA has agreed to handle under protective arrangements, as well as such NASA data for which NASA intends to control the use and dissemination.

(2) In order to protect the interests of the Government and the owners of such data, the Contractor agrees, with respect to such third party or NASA data that is either marked with a restrictive legend or specifically identified in this contract or in writing by the Contracting Officer as being subject to this clause, to use and disclose such data only to the extent necessary to perform the work required under this contract, preclude disclosure of such data outside the

Contractor's organization, and return or dispose of such data as directed by the Contracting Officer when the data is no longer needed for contract performance.

(3) Notwithstanding (2) above, the Contractor shall not be restricted in the use and disclosure of any data that becomes generally available without breach of this clause by the Contractor, is known to or is developed by the Contractor independently of any disclosure of proprietary, restricted, or confidential data hereunder, or is rightfully received by the Contractor from a third party without restriction.

(c) Data first produced.

Data first produced by the Contractor under this contract may include data for which NASA wants to control the use and dissemination. The Contracting Officer may require, or this contract may presently specify, that the Contractor apply restrictive legends to such identified data prior to delivery to NASA, or to third parties at NASA's direction, that restrict the use and disclosure of the data by any third party recipient. However, such restrictive legends in no way affect the Contractor's or NASA's rights to such data as provided in the "Rights in Data--General" clause of this contract.

## PART II - CONTRACT CLAUSES

### SECTION I - CONTRACT CLAUSES

#### I.1 LISTING OF CLAUSES INCORPORATED BY REFERENCE:

NOTICE: The following solicitation provisions and/or contract clauses pertinent to this section are hereby incorporated by reference.

#### FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

<u>CLAUSE NUMBER</u>	<u>TITLE AND DATE</u>
52.202-1	Definitions (SEP 1991)
52.203-1	Officials Not to Benefit (APR 1984)
52.203-3	Gratuities (APR 1984)
52.203-5	Covenant Against Contingent Fees (APR 1984)
52.203-6	Restrictions on Subcontractor Sales to the Government (JUL 1985)
52.203-7	Anti-Kickback Procedures (OCT 1988)
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (SEP 1990)
52.204-2	Security Requirements (APR 1984)
52.209-6	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (NOV 1992)
52.210-5	New Material (APR 1984)
52.212-13	Stop-Work Order (AUG 1989) Alternate I (APR 1984)
52.215-1	Examination of Records by Comptroller General (FEB 1993)
52.215-2	Audit - Negotiation (FEB 1993)
52.215-22	Price Reduction for Defective Cost or Pricing Data (JAN 1991)
52.215-24	Subcontractor Cost or Pricing Data (DEC 1991)

52.215-27 Termination of Defined Benefit Pension Plans (SEP 1989)  
 52.215-31 Waiver of Facilities Capital Cost of Money (SEP 1987)  
 52.215-33 Order of Precedence (JAN 1986)  
 52.215-39 Reversion or Adjustment of Plans for Postretirement Benefits  
     Other Than Pensions (JUL 1991)  
 52.216-7 Allowable Cost and Payment (JUL 1991)  
 52.216-8 Fixed Fee (APR 1984)  
 52.219-8 Utilization of Small Business Concerns and Small Disadvantaged  
     Business Concerns (FEB 1990)  
 52.219-13 Utilization of Women-Owned Small Businesses (AUG 1986)  
 52.219-14 Limitations on Subcontracting (JAN 1991)  
 52.220-3 Utilization of Labor Surplus Area Concerns (APR 1984)  
 52.222-1 Notice to the Government of Labor Disputes (APR 1984)  
 52.222-3 Convict Labor (APR 1984)  
 52.222-4 Contract Work Hours and Safety Standards Act - Overtime  
     Compensation (MAR 1986)  
 52.222-26 Equal Opportunity (APR 1984)  
 52.222-28 Equal Opportunity Preaward Clearance of Subcontracts  
     (APR 1984)  
 52.222-35 Affirmative Action for Special Disabled and Vietnam Era  
     Veterans (APR 1984)  
 52.222-36 Affirmative Action for Handicapped Workers (APR 1984)  
 52.222-37 Employment Reports on Special Disabled Veterans and  
     Veterans of the Vietnam Era (JAN 1988)  
 52.223-2 Clean Air and Water (APR 1984)  
 52.223-6 Drug-Free Workplace (JUL 1990)  
 52.225-11 Restrictions on Certain Foreign Purchases (MAY 1992)  
 52.227-1 Authorization and Consent (APR 1984)  
 52.227-2 Notice and Assistance Regarding Patent and Copyright  
     Infringement (APR 1984)  
 52.227-3 Patent Indemnity (APR 1984)  
 52.227-14 Rights in Data - General (JUN 1987) -- as modified by NASA  
     FAR Supplement 18-52.227-14  
 52.228-7 Insurance - Liability to Third Persons (APR 1984)  
 52.232-9 Limitation on Withholding of Payments (APR 1984)  
 52.232-17 Interest (JAN 1991)  
 52.232-23 Assignment of Claims (JAN 1986)  
 52.232-28 Electronic Funds Transfer Payment Methods (APR 1989)--as  
     modified by NASA FAR Supplement 18-32.908  
 52.233-1 Disputes (MAR 1994) Alternate I (DEC 1991)  
 52.233-3 Protest After Award (AUG 1989) Alternate I (JUN 1985)  
 52.237-2 Protection of Government Buildings, Equipment and Vegetation  
     (APR 1984)  
 52.237-3 Continuity of Services (JAN 1991)  
 52.242-1 Notice of Intent to Disallow Costs (APR 1984)  
 52.243-2 Changes - Cost-Reimbursement (AUG 1987) Alternate I (APR 1984)  
 52.244-2 Subcontracts (Cost-Reimbursement and Letter Contracts)  
     (JUL 1985) Alternate I (APR 1985)  
 52.244-5 Competition in Subcontracting (APR 1984)  
 52.245-5 Government Property (Cost-Reimbursement, Time-and-Material,  
     or Labor-Hour Contracts) (JAN 1986)  
 52.246-5 Inspection of Services - Cost-Reimbursement (APR 1984)  
 52.246-25 Limitation of Liability - Services (APR 1984)

52.249-6 Termination (Cost-Reimbursement) (MAY 1986)  
 52.249-14 Excusable Delays (APR 1984)

NASA FAR SUPPLEMENT (48 CFR CHAPTER 18) CLAUSES

<u>CLAUSE NUMBER</u>	<u>TITLE AND DATE</u>
18-52.204-70	Report on NASA Subcontracts (NOV 1992)
18-52.208-81	Restrictions on Printing and Duplicating (AUG 1993)
18-52.212-70	Notice of Delay (DEC 1988)
18-52.216-75	Payment of Fixed Fee (DEC 1988)
18-52.216-89	Allowable Cost and Payment (APR 1994)
18-52.219-74	Use of Rural Area Small Businesses (SEP 1990)
18-52.219-76	NASA Small Disadvantaged Business Goal (JUL 1991)
18-52.223-70	Safety and Health (SEP 1993)
18-52.228-75	Minimum Insurance Coverage (OCT 1988)
18-52.237-70	Emergency Evacuation Procedures (DEC 1988)
18-52.242-70	Technical Direction (SEP 1993)
18-52.242-72	Observance of Legal Holidays (AUG 1992)
18-52.245-70	Acquisition of Centrally Reportable Equipment (MAR 1989)
18-52.245-71	Installation-Provided Government Property (MAR 1989)

I.2 CLAUSES IN FULL TEXT

The clauses listed below follow in full text:

52.252-2	Clauses Incorporated by Reference (JUN 1988)
52.203-9	Requirement for Certificate of Procurement Integrity - Modification (NOV 1990)
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (JAN 1990)
52.216-18	Ordering (APR 1984)
52.216-19	Delivery-Order Limitations (APR 1984)
52.216-22	Indefinite Quantity (APR 1984)
52.219-17	Section 8(a) Award (FEB 1990)
52.222-2	Payment for Overtime Premiums (JUL 1990)
52.232-20	Limitation of Cost (APR 1984)
52.232-22	Limitation of Funds (APR 1984)
52.232-25	Prompt Payment (MAR 1994)
52.242-13	Bankruptcy (APR 1991)
18-52.204-75	Security Classification Requirements (SEP 1989)
18-52.242-73	NASA Contractor Financial Management Reporting (APR 1994)

I.3 CLAUSES INCORPORATED BY REFERENCE (FAR 52.252-2) (JUN 1988)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

I.4 REQUIREMENT FOR CERTIFICATE OF PROCUREMENT INTEGRITY--MODIFICATION  
(FAR 52.203-9) (NOV 1990)

- (a) Definitions. The definitions set forth in FAR 3.104-4 are hereby incorporated in this clause.
- (b) The Contractor agrees that it will execute the certification set forth in paragraph (c) of this clause when requested by the contracting officer in connection with the execution of any modification of this contract.
- (c) Certification. As required in paragraph (b) of this clause, the officer or employee responsible for the modification proposal shall execute the following certification:

CERTIFICATE OF PROCUREMENT INTEGRITY--MODIFICATION (NOV 1990)

(1) I, \_\_\_\_\_  
[Name of certifier]

am the officer or employee responsible for the preparation of this modification proposal and hereby certify that, to the best of my knowledge and belief, with the exception of any information described in this certification, I have no information concerning a violation or possible violation of subsections 27(a), (b), (d), or (f) of the Office of Federal Procurement Policy Act, as amended\* (41 U.S.C. 423); (hereinafter referred to as "the Act"), as implemented in the FAR, occurring during the conduct of this procurement

(contract and modification number).

(2) As required by subsection 27(e)(1)(B) of the Act, I further certify that, to the best of my knowledge and belief, each officer, employee, agent, representative, and consultant of \_\_\_\_\_

[Name of Offeror]

who has participated personally and substantially in the preparation or submission of this proposal has certified that he or she is familiar with, and will comply with, the requirements of subsection 27(a) of the Act, as implemented in the FAR, and will report immediately to me any information concerning a violation or possible violation of subsections 27(a), (b), (d), or (f) of the Act, as implemented in the FAR, pertaining to this procurement.

(3) Violations or possible violations: (Continue on plain bond paper if necessary and label Certificate of Procurement Integrity--Modification (Continuation Sheet), ENTER NONE IF NONE EXIST) \_\_\_\_\_

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[Signature of the officer or employee responsible for the modification proposal and date]

[Typed name of the officer or employee responsible for the modification proposal]

\*Subsections 27(a), (b), and (d) are effective on December 1, 1990.  
Subsection 27(f) is effective on June 1, 1991.

THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER TITLE 18, UNITED STATES CODE, SECTION 1001.

(End of certification)

(d) In making the certification in paragraph (2) of the certificate, the officer or employee of the competing Contractor responsible for the offer or bid, may rely upon a one-time certification from each individual required to submit a certification to the competing Contractor, supplemented by periodic training. These certifications shall be obtained at the earliest possible date after an individual required to certify begins employment or association with the Contractor. If a Contractor decides to rely on a certification executed prior to suspension of Section 27 (i.e., prior to December 1, 1989), the Contractor shall ensure that an individual who has so certified is notified that Section 27 has been reinstated. These certifications shall be maintained by the Contractor for a period of 6 years from the date a certifying employee's employment with the company ends or, for an agency, representative, or consultant, 6 years from the date such individual ceases to act on behalf of the Contractor.

(e) The certification required by paragraph (c) of this clause is a material representation of fact upon which reliance will be placed in executing this modification.

#### I.5 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (FAR 52.203-12) (JAN 1990)

##### (a) Definitions.

"Agency," as used in this clause, means executive agency as defined in 2.101.

"Covered Federal action," as used in this clause, means any of the following Federal actions:

- (1) The awarding of any Federal contract.
- (2) The making of any Federal grant.
- (3) The making of any Federal loan.
- (4) The entering into of any cooperative agreement.
- (5) The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

"Indian tribe" and "tribal organization," as used in this clause, have the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450B) and include Alaskan Natives.

"Influencing or attempting to influence," as used in this clause, means making, with the intent to influence, any communication to or appearance before an

officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

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

"Officer or employee of an agency," as used in this clause, includes the following individuals who are employed by an agency:

(1) An individual who is appointed to a position in the Government under title 5, United States Code, including a position under a temporary appointment.

(2) A member of the uniformed services, as defined in subsection 101(3), title 37, United States Code.

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

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

"Person," as used in this clause, means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

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

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

"Recipient," as used in this clause, includes the Contractor and all subcontractors. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

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

"State," as used in this clause, means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and multi-State, regional, or interstate entity having governmental duties and powers.

(b) Prohibitions.

(1) Section 1352 of title 31, United States Code, among other things, prohibits a recipient of a Federal contract, grant, loan, or cooperative agreement



from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the making of any Federal loan; the entering into of any cooperative agreement; or the modification of any Federal contract, grant, loan, or cooperative agreement.

(2) The Act also requires Contractors to furnish a disclosure if any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a Federal contract, grant, loan, or cooperative agreement.

(3) The prohibitions of the Act do not apply under the following conditions:

(i) Agency and legislative liaison by own employees.

(A) The prohibition on the use of appropriated funds, in subparagraph (b)(1) of this clause, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action if the payment is for agency and legislative liaison activities not directly related to a covered Federal action.

(B) For purposes of subdivision (b)(3)(i)(A) of this clause, providing any information specifically requested by an agency or Congress is permitted at any time.

(C) The following agency and legislative liaison activities are permitted at any time where they are not related to a specific solicitation for any covered Federal action:

(1) Discussing with an agency the qualities and characteristics (including individual demonstrations) of the person's products or services, conditions or terms of sale, and service capabilities.

(2) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(D) The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered Federal action -

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

(2) Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and

(3) Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507, and subsequent amendments.

(E) Only those services expressly authorized by subdivision (b)(3)(i)(A) of this clause are permitted under this clause.

(ii) Professional and technical services.

(A) The prohibition on the use of appropriated funds, in subparagraph (b)(1) of this clause, does not apply in the case of -

(1) A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action, if payment is for professional or technical services rendered directly in

the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action.

(2) Any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action. Persons other than officers or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(B) For purposes of subdivision (b)(3)(ii)(A) of this clause, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission or negotiation of a covered Federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission or negotiation of a covered Federal action.

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

(D) Only those services expressly authorized by subdivisions (b)(3)(ii)(A)(1) and (2) of this clause are permitted under this clause.

(E) The reporting requirements of FAR 3.803(a) shall not apply with respect to payments of reasonable compensation made to regularly employed officers or employees of a person.

(iii) Disclosure.

(A) The Contractor who requests or receives from an agency a Federal contract shall file with that agency a disclosure form, OMB standard form LLL, Disclosure of Lobbying Activities, if such person has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered Federal action), which would be prohibited under subparagraph (b)(1) of this clause, if paid for with appropriated funds.

(B) The Contractor shall file a disclosure form at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under subparagraph (c)(1) of this clause. An event that materially affects the accuracy of the information reported includes -

(1) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or

(2) A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or

(3) A change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.

(C) The Contractor shall require the submittal of a certification, and if required, a disclosure form by any person who requests or receives any subcontract exceeding \$100,000 under the Federal contract.

(D) All subcontractor disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the prime Contractor. The prime Contractor shall submit all disclosures to the Contracting Officer at the end of the calendar quarter in which the disclosure form is submitted by the subcontractor. Each subcontractor certification shall be retained in the subcontract file of the awarding Contractor.

(iv) Agreement. The Contractor agrees not to make any payment prohibited by this clause.-

(v) Penalties.

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

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

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

#### I.6 ORDERING (FAR 52.216-18) (APR 1984)

(a) Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders by the individuals or activities designated in the Schedule. Such orders may be issued from contract award through contract completion.

(b) All delivery orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order and this contract, the contract shall control.

(c) If mailed, a delivery order is considered "issued" when the Government deposits the order in the mail. Orders may be issued orally or be written telecommunications only if authorized in the Schedule.

#### I.7 DELIVERY-ORDER LIMITATIONS (FAR 52.216-19) (APR 1984)

(a) Minimum order. When the Government requires supplies or services covered by this contract in an amount of less than N/A, the Government is not obligated to purchase, nor is the Contractor obligated to furnish, those supplies or services under the contract.

(b) Maximum order. The Contractor is not obligated to honor--

(1) Any order for a single item in excess of N/A;



(END OF CLAUSE)

Alternate I (FEB 1990). In accordance with the prescription in 19.811-3(a), substitute the following paragraph (d) for paragraph (d) of the basic clause:

- (d) That payments to be made under the contract will be deposited directly by the Contracting Officer NASA to a special bank account established by the subcontractor and that all disbursements will require approval and counter signature by the SBA or a third party approved by SBA.



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(End of Clause)

Alternate I (FEB 1990). In accordance with the prescription in FAR 19.811-3(b), delete paragraph (c) of the basic clause and add the following to paragraph (b):

- (4) That in accordance with section 301(b) of Pub. L. 100-656, it will establish a special account, at a bank insured by the Federal Deposit Insurance Corporation, under which (i) all payments under this subcontract will be deposited directly by the Contracting Officer NASA and (ii) all disbursements will be subject to approval and counter signature by the SBA or a third party approved by SBA.
- (5) That it will make timely payment to all suppliers of material or labor.
- (6) That it will notify all suppliers of material or labor and will obtain written acknowledgment from such suppliers, that the contract is exempt from the Miller Act's bonding requirement and that neither the SBA nor the Contracting Officer NASA are liable for payment to suppliers for materials or labor. Such acknowledgements must be provided to the SBA prior to SBA approval of disbursements to the contractor from the special bank account.

(2) Any order for a combination of items in excess of N/A; or  
 (3) A series of orders from the same ordering office within N/A days that together call for quantities exceeding the limitation in subparagraph (1) or (2) above.

(c) If this is a requirements contract (i.e., includes the Requirements clause at subsection 52.216-21 of the Federal Acquisition Regulation (FAR)), the Government is not required to order a part of any one requirement from the Contractor if that requirement exceeds the maximum-order limitations in paragraph (b) above.

(d) Notwithstanding paragraphs (b) and (c) above, the Contractor shall honor any order exceeding the maximum order limitations in paragraph (b), unless that order (or orders) is returned to the ordering office within N/A days after issuance, with written notice stating the Contractor's intent not to ship the item (or items) called for and the reasons. Upon receiving this notice, the Government may acquire the supplies or services from another source.

#### I.8 INDEFINITE QUANTITY (FAR 52.216-22) (APR 1984)

(a) This is an indefinite-quantity contract for the supplies or services specified, and effective for the period stated, in the Schedule. The quantities of supplies and services specified in the Schedule are estimates only and are not purchased by this contract.

(b) Delivery or performance shall be made only as authorized by orders issued in accordance with the Ordering clause. The Contractor shall furnish to the Government, when and if ordered, the supplies or services specified in the Schedule up to and including the quantity designated in the Schedule as the "maximum." The Government shall order at least the quantity of supplies or services designated in the Schedule as the "minimum."

(c) Except for any limitations on quantities in the Delivery-Order Limitations clause or in the Schedule, there is no limit on the number of orders that may be issued. The Government may issue orders requiring delivery to multiple destinations or performance at multiple locations.

(d) Any order issued during the effective period of this contract and not completed within that period shall be completed by the Contractor within the time specified in the order. The contract shall govern the Contractor's and Government's rights and obligations with respect to that order to the same extent as if the order were completed during the contract's effective period; provided, that the Contractor shall not be required to make any deliveries under this contract after six months.

#### I.9 SECTION 8(a) AWARD (FAR 52.219-17) (FEB 1990)

(a) By execution of a contract, the Small Business Administration (SBA) agrees to the following:

(1) To furnish the supplies or services set forth in the contract according to the specifications and the terms and conditions by subcontracting with the Offeror who has been determined an eligible concern pursuant to the provisions of section 8(a) of the Small Business Act, as amended (15 U.S.C. 637(a)).

(2) Except for novation agreements and advance payments, delegates to the National Aeronautics and Space Administration, the responsibility for administering the contract with complete authority to take any action on behalf of the Government under the terms and conditions of the contract; provided, however, that the contracting agency shall give advance notice to the SBA before it issues a final notice terminating the right of the subcontractor to proceed with further



performance, either in whole or in part, under the contract.

(3) That payments to be made under the contract will be made directly to the subcontractor by the contracting activity.

(4) To notify the National Aeronautics and Space Administration Contracting Officer immediately upon notification by the subcontractor that the owner or owners upon whom 8(a) eligibility was based plan to relinquish ownership or control of the concern.

(b) The offeror/subcontractor agrees and acknowledges that it will, for and on behalf of the SBA, fulfill and perform all of the requirements of the contract.

#### I.10 PAYMENT FOR OVERTIME PREMIUMS (FAR 52.222-2) (JUL 1990)

(a) The use of overtime is authorized under this contract if the overtime premium cost does not exceed \$1,000 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 multishift operations or by employing additional personnel.

#### I.11 LIMITATION OF COST (FAR 52.232-20) (APR 1984)

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

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

(1) The costs the Contractor expects to incur under this contract in the next 60 days, when added to all costs previously incurred, will exceed 85 percent

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

(2) The Contractor is not obligated to continue performance under this contract (including actions under the Termination clause of this contract) or otherwise incur costs in excess of the estimated cost specified in the delivery order, 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 delivery order.

(e) No notice, communication, or representation in any form other than that specified in subparagraph (d)(2) above, or from any person other than the Contracting Officer, shall affect this contract's estimated cost to the Government. In the absence of the specified notice, the Government is not obligated to reimburse the Contractor for any costs in excess of the estimated cost or, if this is a cost-sharing contract, for any costs in excess of the estimated cost to the Government specified in the delivery order, 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 delivery order is increased, any costs the Contractor incurs before the increase that are in excess of the previously estimated cost shall be allowable to the same extent as if incurred afterward, unless the Contracting Officer issues a termination or other notice directing that the increase is solely to cover termination or other specified expenses.

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

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

#### I.12 LIMITATION OF FUNDS (FAR 52.232-22) (APR 1984)

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

(b) The delivery order specifies the amount presently available for payment by the Government and allotted to this contract, the items covered, the Government's share of the cost if this is a cost-sharing contract, and the period of

performance it is estimated the allotted amount will cover. The parties contemplate that the Government will allot additional funds incrementally to the contract up to the full estimated cost to the Government specified in the delivery order, exclusive of any fee. The Contractor agrees to perform, or have performed, work on the contract up to the point at which the total amount paid and payable by the Government under the contract approximates but does not exceed the total amount actually allotted by the Government to the contract.

(c) The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe that the costs it expects to incur under this contract in the next 60 days, when added to all costs previously incurred, will exceed 85 percent of (1) the total amount so far allotted to the contract by the Government or, (2) if this is a cost-sharing contract, the amount then allotted to the contract by the Government plus the Contractor's corresponding share. The notice shall state the estimated amount of additional funds required to continue performance for the period specified in the delivery order.

(d) Sixty days before the end of the period specified in the delivery order, the Contractor shall notify the Contracting Officer in writing of the estimated amount of additional funds, if any, required to continue timely performance under the contract or for any further period specified in the delivery order or otherwise agreed upon, and when the funds will be required.

(e) If, after notification, additional funds are not allotted by the end of the period specified in the delivery order or another agreed-upon date, upon the Contractor's written request the Contracting Officer will terminate this contract on that date in accordance with the provisions of the Termination clause of this contract. If the Contractor estimates that the funds available will allow it to continue to discharge its obligations beyond that date, it may specify a later date in its request, and the Contracting Officer may terminate this contract on that later date.

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

(1) The Government is not obligated to reimburse the Contractor for costs incurred in excess of the total amount allotted by the Government to this contract; and

(2) The Contractor is not obligated to continue performance under this contract (including actions under the Termination clause of this contract) or otherwise incur costs in excess of (i) the amount then allotted to the contract by the Government or, (ii) if this is a cost-sharing contract, the amount then allotted by the Government to the contract plus the Contractor's corresponding share, until the Contracting Officer notifies the Contractor in writing that the amount allotted by the Government has been increased and specifies an increased amount, which shall then constitute the total amount allotted by the Government to this contract.

(g) The estimated cost shall be increased to the extent that (1) the amount allotted by the Government or, (2) if this is a cost-sharing contract, the amount then allotted by the Government to the contract plus the Contractor's corresponding share, exceeds the estimated cost specified in the delivery order. If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the delivery order.

(h) No notice, communication, or representation in any form other than that specified in subparagraph (f)(2) above, or from any person other than the Contracting Officer, shall affect the amount allotted by the Government to this contract. In the absence of the specified notice, the Government is not obligated to reimburse the Contractor for any costs in excess of the total amount allotted

by the Government to this contract, whether incurred during the course of the contract or as a result of termination.

(i) When and to the extent that the amount allotted by the Government to the contract is increased, any costs the Contractor incurs before the increase that are in excess of (1) the amount previously allotted by the Government or, (2) if this is a cost-sharing contract, the amount previously allotted by the Government to the contract plus the Contractor's corresponding share, shall be allowable to the same extent as if incurred afterward, unless the Contracting Officer issues a termination or other notice and directs that the increase is solely to cover termination or other specified expenses.

(j) Change orders shall not be considered an authorization to exceed the amount allotted by the Government specified in the delivery order, unless they contain a statement increasing the amount allotted.

(k) Nothing in this clause shall affect the right of the Government to terminate this contract. If this contract is terminated, the Government and the Contractor shall negotiate an equitable distribution of all property produced or purchased under the contract, based upon the share of costs incurred by each.

(l) If the Government does not allot sufficient funds to allow completion of the work, the Contractor is entitled to a percentage of the fee specified in the delivery order equalling the percentage of completion of the work contemplated by this contract.

#### I.13 PROMPT PAYMENT (FAR 52.232-25) (MAR 1994)

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. Definitions of pertinent terms are set forth in 32.902. 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 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) The due date on contracts for meat, meat food products, or fish; contracts for perishable agricultural commodities, contracts for dairy products,

edible fats or oils, and food products prepared from edible fats or oils, and contracts not requiring submission of an invoice shall be as follows:

(i) The due date for meat and meat food products, as defined in Section 2(a)(3) of the Packers and Stockyard Act of 1921 (7 U.S.C. 182(3)) and further defined in Pub. L. 98-181 to include any edible fresh or frozen poultry meat, any perishable poultry meat food product, fresh eggs, and any perishable egg product, will be as close as possible to, but not later than, the 7th day after product delivery.

(ii) The due date for fresh or frozen fish, as defined in Section 204(3) of the Fish and Seafood Promotion Act of 1986 (16 U.S.C. 4003(3)), will be as close as possible to, but not later than, the seventh day after product delivery.

(iii) The due date for perishable agricultural commodities, as defined in section 1(4) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499a(44)), will be as close as possible to, but not later than, the 10th day after product delivery, unless another date is specified in the contract.

(iv) The due date for dairy products, as defined in section 111(e) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502(e)), edible fats or oils, and food products prepared from edible fats or oils, will be as close as possible to, but not later than, the 10th day after the date on which a proper invoice has been received.

(v) If the contract does not require submission of an invoice for payment (e.g., periodic lease payments), the due date will be as specified in the contract.

(4) 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 office specified in the contract. A proper invoice must include the items listed in subdivisions (a)(4)(i) through (a)(4)(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 (3 days for meat, meat food products, or fish, and 5 days for perishable agricultural commodities, edible fats or oils, and food products prepared from edible fats or oils). 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).

(5) 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)(5)(i) through (a)(5)(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.

(6) The interest penalty shall be at the rate established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date, except where the interest penalty is prescribed by other governmental authority. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the *Federal Register* semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the invoice payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date. That is, interest accrued at the end of any 30-day period will be added to the approved invoice payment amount and be subject to interest penalties if not paid in the succeeding 30-day period. If the designated billing office failed to notify the Contractor of a defective invoice within the periods prescribed in paragraph (a)(4) 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 (3 days for meat, meat food products, or fish, and 5 days for perishable agricultural commodities, dairy products, edible fats or oils, and food products prepared from edible fats or oils).

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

(iii) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more

than 1 year. 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. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

(7) 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)(6) 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.

(8) If this contract was awarded on or after October 1, 1989, a penalty amount, calculated in accordance with regulations issued by the Office of Management and Budget, shall be paid in addition to the interest penalty amount if the Contractor -

- (i) Is owed an interest penalty;
- (ii) Is not paid the interest penalty within 10 days after the date the invoice amount is paid; and
- (iii) Makes a written demand, not later than 40 days after the date the invoice amount is paid, that the agency pay such a penalty.

(b) *Contract Financing Payments.*

(1) For purposes of this clause, "contract financing payment" means a Government disbursement of monies to a Contractor under a contract clause or other authorization prior to acceptance of supplies or services by the Government. Contract financing payments include advance payments, progress payments based on cost under the clause at 52.232-16, Progress Payments, progress payments based on a percentage or stage of completion (32.102(e)(1)) other than those made under the clause at 52.232-5, Payments Under Fixed-Price Construction Contracts, or the clause at 52.232-10, Payments Under Fixed-Price Architect-Engineer Contracts, and interim payments on cost type contracts.

(2) For contracts that provide for contract financing, requests for payment shall be submitted to the designated billing office as specified in this contract or as directed by the Contracting Officer. Contract financing payments shall be made on the 30th day after receipt of a proper contract financing request by the designated billing office. In the event that an audit or other review of a specific financing 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) For advance payments, loans, or other arrangements that do not involve recurrent submissions of contract financing requests, payment shall be made in accordance with the corresponding contract terms or as directed by the Contracting Officer.

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

(c) If this contract contains the clause at 52.213-1, Fast Payment Procedure, payments will be made within 15 days after the date of receipt of the invoice.

#### I.14 BANKRUPTCY (FAR 52.242-13) (APR 1991)

In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish, by certified

mail, 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.

I.15 SECURITY CLASSIFICATION REQUIREMENTS (NASA 18-52.204-75)  
(SEP 1989)

Performance under this contract will involve access to and/or generation of classified information, work in a security area, or both, up to the level of SECRET. See Federal Acquisition Regulation clause 52.204-2 in this contract and DD Form 254, Contract Security Classification Specification, Exhibit B.

I.16 NASA CONTRACTOR FINANCIAL MANAGEMENT REPORTING (NASA 18-52.242-73)  
(APR 1994)

(a) The Contractor shall submit NASA Contractor Financial Management Reports on NASA Forms 533 in accordance with the instructions in Procedures for Contractor Reporting of Correlated Cost and Performance Data (NHB 9501.2) and on the reverse side of the forms, as supplemented in the Schedule of this contract. The detailed reporting categories to be used, which shall be correlated with technical and schedule reporting, shall be set forth in the contract Schedule. Contractor implementation of reporting requirements under this clause shall include NASA approval of the definitions of the content of each reporting category and give due regard to the Contractor's established financial management information system.

(b) Lower level detail used by the Contractor for its own management purposes to validate information reported to NASA shall be compatible with NASA requirements.

(c) Reports shall be submitted in the number of copies, at the time, and in the manner set forth in the contract Schedule or as designated in writing by the Contracting Officer. Upon completion and acceptance by NASA of all contract Schedule line items, the Contracting Officer may direct the Contractor to submit Form 533 reports on a quarterly basis only.

(d) The Contractor shall require first-tier subcontracts that meet the established reporting criteria set forth in 18-42.7201(b)(1) to report cost data using the NASA Form 533 reports. Copies of subcontractor Form 533 reports shall be submitted along with the Contractor's Form 533 reports in the manner set forth in the contract Schedule or as designated in writing by the Contracting Officer.

(e) If during the performance of this contract NASA requires a change in the information or reporting requirements specified in the Schedule, or as provided for in paragraph (a) or (c) of this clause, the Contracting Officer shall effect that change in accordance with the Changes clause of this contract.



## PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS

SECTION J - LIST OF ATTACHMENTS

- Exhibit A        Contract Documentation Requirements, 3 pages
- Exhibit B        DD 254
- Exhibit C        Safety and Health Plan
- Exhibit D        Delivery Orders 001 and 002

EXHIBIT A  
CONTRACT DOCUMENTATION REQUIREMENTS

EXHIBIT A - CONTRACT DOCUMENTATION REQUIREMENTS

## I. DOCUMENTATION PREPARATION/SUBMISSION INSTRUCTIONS

A. Quarterly Accident/Injury Report--The Contractor shall submit a Quarterly Accident/Injury Report within 10 days after the end of each quarter.

B. Report on NASA Subcontracts (NASA Form 667)--The Contractor shall submit this report in accordance with the instructions on the form.

C. Federal Contractor Veterans Employment Report--In compliance with Clause 52.222-37, Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era, the Contractor shall submit the Federal Contractor Veterans Employment Reports (VETS-100) as required by this clause.

D. Evidence of Insurance--The Contractor shall submit evidence of the insurance coverage, required by the NASA Clause 18-52.228-75 in Section I entitled "Minimum Insurance Coverage" (i.e., a Certificate of Insurance or other confirmation), to the Contracting Officer prior to performing under this contract. In the event the Government exercises its options to extend the term of the contract, the Contractor shall also present such evidence to the Contracting Officer prior to commencement of performance under the extension.

E. Monthly Performance Reports--The Contractor shall submit monthly performance reports of work accomplished during each month of contract performance per active delivery order. Reports shall be in narrative form and brief and informal in content. Monthly reports shall include a description of overall progress, an indication of any current problems which may impede performance to include proposed corrective action, and a discussion of the work to be performed during the next monthly reporting period. In addition, the following monthly data shall be included in a format to be Contractor selected:

- NASA Point of Contact
- Effective Date of Order
- Required Completion Date
- Contractor Estimated Completion Date
- Milestone Status: Schedule versus Forecast

## F. Monthly Financial Management Report

1. The Contractor shall submit a monthly financial management report as provided by the Section I clause entitled "NASA Financial Management Reporting." This report shall be submitted utilizing NASA Form 533M, Monthly Contractor Financial Management Report, in accordance with submission instructions contained on the reverse side of the form. (Columns 8a and 8b, 533M, shall contain estimates for the following two successive months for the reporting a. and c. of paragraph 2. below.)

2. For this delivery order contract a 533M shall be provided for the reporting levels identified below:

- a. Each Delivery Order
- b. Contract Total (Includes the sum of Items a. and b.)
- c. Due not later than the 10th operating day following the close of the Contractor's accounting period being reported.
- d. Each 533M shall include a narrative explanation for variances exceeding ten percent between planned hours/dollars and actual hours/dollars for each reporting category (at the total contract level only).

3. In addition, cost detail associated with the following elements shall be included in each of the above, if applicable.

- a. Direct Productive Labor Hours
- b. PM&A Hours
- c. Direct Productive Labor Dollars
- d. PM&A Labor Dollars
- e. ODC
- f. Overhead
- g. G&A
- h. Total Estimated Cost
- i. Fee
- j. Total Estimated Cost and Fee

The submission of these reports does not relieve the Contractor of its responsibility under the FAR Clause, 52.232-20, Limitation of Cost or FAR 52.232-22, Limitation of Funds.

G. Quarterly Financial Management Report--The Contractor shall submit a financial report at the contract level detailed by categories specified in paragraph F.3 above on NASA Form 533Q at times and in accordance with the instructions contained on the reverse side of the form. The initial report shall be due 10 days after the award of the contract.

## II. DOCUMENT DISTRIBUTION REQUIREMENTS

A. Unless otherwise specified elsewhere in this contract, reports and other documentation shall be submitted F.O.B. destination as specified below, addressed as follows:

National Aeronautics and Space Administration  
Langley Research Center  
Attn: \_\_\_\_\_, Mail Stop \_\_\_\_\_  
Contract NAS1-20469  
Hampton, VA 23681-0001

B. The following letter codes designate the recipients of reports and other documentation which are required to be delivered prepaid to Langley Research Center by the Contractor:

A--Contract Specialist, Mail Stop 126

B--Contracting Officer Technical Representative, Mail Stop 429

C--Safety Manager, Mail Stop 429

D--According to instructions on form

E--Cost Accounting, Mail Stop 135 (via Mail Stop 175)

C. The following are the distribution requirements for reports and other documentation required with the numeral following the letter code specifying the number of copies to be provided:

<u>DOCUMENT</u>	<u>LETTER CODE AND DISTRIBUTION</u>
Financial Management Report	A-1, B-2, E-1
Performance Reports	A-1, B-2
Quarterly Accident/Injury Report	A-1, B-1, C-1
Report on NASA Subcontracts	D-1
Federal Contractor Veterans Employment Report (VETS-100)	D

D. When the Contract Administrator (A) is not designated above to receive a copy of a report or document, the Contractor shall furnish a copy of the report/document transmittal letter to the Contract Administrator. The Contractor shall also furnish a copy of the transmittal letter and a copy of each Financial Management Report to the delegated Administrative Contracting Officer of the cognizant DoD (or other agency) contract administrative services component.

EXHIBIT B

DD 254

**DEPARTMENT OF DEFENSE**  
**CONTRACT SECURITY CLASSIFICATION SPECIFICATION**  
*(The requirements of the DoD Industrial Security Manual apply to all security aspects of this effort)*

**1.  FINANCE AND SAFEGUARDING**  
**2.  FINANCE CLEARANCE REQUIRED**  
**Secret**  
**3. LEVEL OF SAFEGUARDING REQUIRED**  
**none**

**2. THIS SPECIFICATION IS FOR: (X and complete as applicable)**

a. PRIME CONTRACT NUMBER  
**NAS1-20469**

b. SUBCONTRACT NUMBER

c. INDICATION OF OTHER NUMBERS

New Date (YYMMDD)

**3. THIS SPECIFICATION IS: (X and complete as applicable)**

a. ORIGINAL (Complete date in all cases)  
 Date (YYMMDD) **95-3-13**

b. REVISED (Supersedes all previous issues) Revision No. \_\_\_\_\_ Date (YYMMDD) \_\_\_\_\_

c. FINAL (Complete Item 5 in all cases) Date (YYMMDD) \_\_\_\_\_

**4. IS THIS A FOLLOW-ON CONTRACT?**  YES  NO If Yes, complete the following:  
 Classified material received or generated under \_\_\_\_\_ (Preceding Contract Number) is transferred to this follow on contract.

**5. IS THIS A FINAL DD FORM 254?**  YES  NO If Yes, complete the following:  
 In response to the contractor's request dated \_\_\_\_\_ retention of the identified classified material is authorized for the period of \_\_\_\_\_

**6. CONTRACTOR (Include Commercial and Government Entity (CAGE) Code)**

a. NAME, ADDRESS, AND ZIP CODE  
**Hernandez Engineering  
 17625 El Camino Real  
 Houston, TX 77058**

b. CAGE CODE  
**3Y303**

c. COMINT/SECURITY OFFICE (Name, Address, and Zip Code)  
**Defense Investigative Service  
 106 Decker Court  
 Irving, TX 75062-2795**

**7. SUBCONTRACTOR**

a. NAME, ADDRESS, AND ZIP CODE  
**N/A**

b. CAGE CODE  
**N/A**

c. COMINT/SECURITY OFFICE (Name, Address, and Zip Code)  
**N/A**

**8. ACTUAL PERFORMANCE**

a. LOCATION  
**NASA-Langley Research Center  
 Hampton, VA 23681-0001**

b. CAGE CODE

c. COMINT/SECURITY OFFICE (Name, Address, and Zip Code)  
**Defense Investigative Service  
 2461 Eisenhower Avenue  
 Alexandria, VA 22331**

**9. GENERAL IDENTIFICATION OF THIS PROCUREMENT**

**Reliability and Assurance Engineering**

<b>10. THIS CONTRACT WILL REQUIRE ACCESS TO:</b>	<b>YES</b>	<b>NO</b>	<b>11. IN PERFORMING THIS CONTRACT, THE CONTRACTOR WILL:</b>
a. COMMUNICATIONS SECURITY (COMSEC) INFORMATION		<input checked="" type="checkbox"/>	a. HAVE ACCESS TO CLASSIFIED INFORMATION ONLY AT ANOTHER CONTRACTOR'S FACILITY OR A GOVERNMENT ACTIVITY
b. RESTRICTED DATA		<input checked="" type="checkbox"/>	b. RECEIVE CLASSIFIED DOCUMENTS ONLY
c. CRITICAL NUCLEAR WEAPON DESIGN INFORMATION		<input checked="" type="checkbox"/>	c. RECEIVE AND GENERATE CLASSIFIED MATERIAL
d. FORMERLY RESTRICTED DATA		<input checked="" type="checkbox"/>	d. FABRICATE, MODIFY, OR STORE CLASSIFIED HARDWARE
e. INTELLIGENCE INFORMATION:			e. PERFORM SERVICES ONLY
(1) Sensitive Compartmented Information (SCI)			f. HAVE ACCESS TO U.S. CLASSIFIED INFORMATION OFFSHORE THE U.S., PUERTO RICO, U.S. POSSESSIONS AND TRUST TERRITORIES
(2) Non SCI			g. BE AUTHORIZED TO USE THE SERVICES OF DEFENSE TECHNICAL INFORMATION CENTER (DTIC) OR OTHER SECONDARY DISTRIBUTION CENTER
f. SPECIAL ACCESS INFORMATION		<input checked="" type="checkbox"/>	h. REQUIRE A COMSEC ACCOUNT
g. NATO INFORMATION		<input checked="" type="checkbox"/>	i. HAVE TEMPEST REQUIREMENTS
h. FOREIGN GOVERNMENT INFORMATION		<input checked="" type="checkbox"/>	j. HAVE OPERATIONS SECURITY (OPSEC) REQUIREMENTS
i. LIMITED DISSEMINATION INFORMATION		<input checked="" type="checkbox"/>	k. BE AUTHORIZED TO USE THE DEFENSE CARRIER SERVICE
j. FOR OFFICIAL USE ONLY INFORMATION		<input checked="" type="checkbox"/>	l. OTHER (Specify)
k. OTHER (Specify)		<input checked="" type="checkbox"/>	

EXHIBIT C  
SAFETY AND HEALTH PLAN



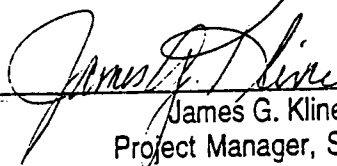
Safety and Health Plan  
Langley Research Center

Safety, Quality, and  
Reliability Services

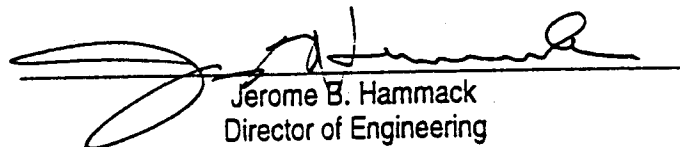
**SAFETY AND HEALTH PLAN**  
**LANGLEY RESEARCH CENTER (LaRC)**  
**SAFETY, QUALITY, AND RELIABILITY SERVICES**

April, 1995

Prepared by:

  
James G. Kline  
Project Manager, SQ&R

Approval:

  
Jerome B. Hammack  
Director of Engineering

Hernandez Engineering, Inc.  
17625 El Camino Real, Suite 200  
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(713) 280-5159

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## 1.0 GENERAL

### 1.1 PURPOSE

This plan identifies the means by which Hernandez Engineering, Inc. (HEI) will meet safety and health requirements during Safety, Quality, and Reliability (SQ&R) contact performance at Langley Research Center (LaRC).

The purpose of this plan is to:

- Provide, through use of proven techniques, a safe, healthful work environment;
- Ensure the prevention of damage to equipment and facilities;
- Identify the method and means to be employed to attain prescribed safety goals;
- Establish responsibilities and commensurate authority to ensure enforcement of safety policies.

### 1.2 APPLICABILITY

This plan is applicable and binding to all HEI-SQ&R employees, each of whom has the responsibility for compliance with its requirements and those referenced documents upon which this plan is based. The use of the term HEI in this document is intended to include all such employees unless specific exception is noted.

### 1.3 PLAN REVIEW AND UPDATE

This plan will be subject to a periodic formal review by HEI and a continuous, informal review by the safety organization. Any changes resulting from these reviews will be submitted to the Contracting Officer or his designated representatives for approval prior to implementation.

### 1.4 POLICY

The policy of HEI is to provide a safe and healthful work environment for all employees. In consonance with this policy, the HEI safety program is designed to comply with existing OSHA and LaRC safety regulations and corporate requirements. Proven system safety analysis techniques, comprehensive safety instruction, thorough training, and decisive supervision will be used to attain appropriate design safeguards and error-free operations.

### 1.4.1 Use of Proven Techniques

A primary tenet of the policy of HEI is to ensure that the products and services that HEI provides are safe for users and the general public and to limit the risk of damage to the system or its support and associated equipment.

### 1.4.2 Delegation of Authority

The SQ&R Project Manager of HEI is the senior contractor official and has the final responsibility and authority for the safety program within the SQ&R contract. Under normal circumstances, however, this authority is delegated to the SQ&R Safety Officer, an engineer selected from the staff of the SQ&R group.

## 1.5 APPLICABLE DOCUMENT, INSTRUCTIONS, AND STANDARDS

The HEI safety organization will enforce the standards, plans, and reporting procedures contemplated by NHB 5100.4A (NASA FAR Supplement) Clause 18-52.223.70 entitled *Safety and Health* and other instructions:

- NMI 8621.1E, *NASA Management Instruction on Mishap Reporting and Investigating*, Effective September 6, 1988 - September 6, 1991.
- Federal law as recorded in 29 CFR 1910 and 1926.

## 2.0 SAFETY AND HEALTH PROGRAM MANAGEMENT AND RESPONSIBILITIES

### 2.1 ORGANIZATION

Final authority for matters of safety has been vested in the SQ&R Project Manager who has direct access to the President of HEI and other key management personnel. Centralized administrative support (records, reports, budget controls, etc.) is provided. The SQ&R Project Manager directs the safety program through the SQ&R Safety Officer. The Safety Officer will provide for hazard identification and control via hazard analyses and procedure review and safety monitoring of tests/operations. Additional information relative to tasks, interfaces, etc. is addressed in the following paragraphs.

### 2.2 RESPONSIBILITIES

#### 2.2.1 SQ&R Project Manager, Hernandez Engineering, Inc.

The SQ&R Project Manager of HEI has overall responsibilities for all HEI activities and operations relating to SQ&R at LaRC, including safety. He establishes the organizational policy and directs the implementation of OSHA and LaRC safety and health policies and requirements. He has complete and final authority on SQ&R decisions pertaining to safety and health.

#### 2.2.2 LaRC Safety Officer

The SQ&R Safety Officer is an engineer on the SQ&R contract. He is significantly involved on all matters pertaining to safety. He reports directly to the SQ&R Project Manager and is responsible for the establishment of a broad, basic safety policy. He is responsible for the development of specific safety program requirements, as well as directives and procedures required to implement these requirements. System safety, industrial safety, and industrial hygiene are within the purview of his responsibility.

#### 2.2.3 Safety Engineering (HEI)

Safety Engineering is responsible for

- Developing system safety analyses to identify conditions that could result in damage to hardware and/or injury to personnel.
- Ensuring that identified hazards have been resolved properly by maintaining a tracking system that provides status and closure of identified hazards.
- Preparing the risk acceptance rationale for the retention of hazards.
- Preparing and maintaining risk management data, as it pertains to safety, for management overview and decision-making purposes.

#### 2.2.4 Safety Operations

The Safety Operations is responsible for:

- Implementing and enforcing safety requirements within the various operating areas under the cognizance of SQ&R.
- Ensuring the periodic walkdown inspection of these areas, including appropriate closure actions on noted hazards/deficiencies. These inspections will be conducted and will use walkdown "checklists" to list deficiencies notes. Where available, existing checklists will be used and modified/updated as needed.
- Providing on-site monitoring of the safety requirements in various work-authorizing documents.
- Ensuring safety participation in pre-operation and post-operation reviews.
- Providing support for and participating in various mishap or accident investigations.
- Providing support for and participating in the various safety committees.
- Generally ensuring the safety of personnel and products during processing and training operations.
- Ensuring safety participation in the review and development of hazardous operating procedures.

#### 2.2.5 Employees

Each employee will receive training in the safety requirements and practices associated with assigned duties/areas and is responsible for understanding and complying with these requirements. Each employee has the responsibility for cautioning others whom he/she believes to be in violation and for immediately reporting any unsafe condition, equipment, or material to his supervisor and the Safety Office.



### 2.3 EMPLOYEE MOTIVATION PLAN

The Safety Officer will develop a program designed to motivate employees to think safety while performing their day-to-day responsibilities. Safety awareness will be disseminated through:

- Comprehensive safety training and indoctrination
- Safety meetings
- Use of safety posters
- Safety bulletins
- Encouraging safety suggestions
- Safety incentive award programs

### 2.4 EMERGENCY PREPAREDNESS PLAN

The Safety Officer will provide requested inputs to LaRC emergency preparedness plans. These inputs will help establish an effective capability to cope with any natural emergency or other disaster which might occur on and around assigned SQ&R facilities and activities and to support NASA as directed or requested.

### 3.0 SAFETY TASKS

#### 3.1 TRAINING AND CERTIFICATION

All HEI personnel performing critical tasks or potentially hazardous operations will be trained and certified. Critical/hazardous tasks that require personnel training and certification are those that:

- Are specifically designated as such by government agency directive, safety plans, contract provisions, or specifications or company policy directives.
- Are dependent on the worker's ability and knowledge to maintain a safe work environment for the worker or the worker's associates.
- Could result in serious injury to personnel and/or damage to the facility from failure to comply with operational requirements.

##### 3.1.1 Training

On-site or on-the-job training will be utilized in lieu of formal training if the nature of the training is appropriate to the classroom environment; if a relatively small group is involved; if the training involves a unique application of a basic skill that has been taught in a classroom environment; or if proficiency can be demonstrated on the job without hazard to personnel or equipment.

#### 3.2 SAFETY ENFORCEMENT

##### 3.2.1 Violations

HEI employees are required to perform their assigned tasks in a manner that will ensure safety for themselves and their fellow workers. Failure to do so may constitute a safety violation. Disciplinary actions resulting from safety violations are published in the Hernandez Engineering, Inc. Administration Manual, Volume I, Section 5, Part 6, *Rules of Conduct*. "Willful or deliberate violation of safety or security regulations including withholding information which could assist with an investigation by a customer or management" is considered a Level I violation. Normally, the first Level I violation would result in a written warning. A second violation within a six-month period would result in a three-month probationary period. The third violation within the three-month probationary period would extend the probation for an additional six months; any additional warnings within a two-year period will result in immediate dismissal.

### 3.3 HAZARD IDENTIFICATION

#### 3.3.1 General

Fundamental to a successful safety program is the identification, elimination, and/or control of hazards which would lead to personnel injury and/or damage to systems or facilities. Hazard identification can result from known properties of materials, knowledge of the workplace environment, and industry consensus classification of processes. Analysis using scientific principles also must be employed to ensure that all operations have been systematically studied for hazard identification.

HEI considers a hazard to be any condition which, by the hazard's presence, could result in injury to personnel and/or damage to equipment. A hazard could be the result of the inadvertent release of stored energy, uncontained toxic, caustic materials, and/or differences from normal conditions (i.e. oxygen, pressure, and temperature, or weather disturbances such as wind, lightning, and precipitation).

The following paragraphs identify some of the considerations relative to hazard identification.

#### 3.3.2 Hazardous Operations

Hazardous operations may depend on worker skill or knowledge to prevent injury or damage, or they may involve exposure to some material, environment, or operation which is inherently dangerous and/or requires the use of protective clothing, procedures, or equipment to prevent injury.

The procedures for conducting any such operation will be subject to review by Safety personnel. As a result of this review, Safety will approve the level of safety monitoring, the pre-operations briefing requirements, the nature and amount of personal protective equipment, the requirements for area clearances, and the amount and type of special support.

The following are examples of operations considered hazardous:

##### Work Area

- Any operation requiring personnel to work in an enclosed area in which the environment deviates from a normal atmosphere or potential hostile areas, such as proximity to pressure systems in a dynamic mode, radioactive materials, and active venting systems.
- Any operation requiring personnel to work in an enclosed or confined area using toxic, combustible, or corrosive liquids in a quantity sufficient to cause personnel injury.

### Pressure Systems

- Operations involving pressure systems are considered hazardous.

### 3.3.3 Hazardous Materials

The receipt, storage, issuance, use, and disposal of hazardous materials will be in accordance with application regulations.

### 3.3.4 Procurement of Hazardous Materials

HEI procurement directives will include a requirement that actions taken to procure items identified as hazardous will contain a standard clause requiring the supplier to provide a copy of the Material Safety Data Sheet with each shipment. These forms will be used to update the various available systems.

## 3.4 SAFETY ADMINISTRATION

The safety organization is administratively responsible for:

- Maintaining records and preparing all reports required by OSHA, NASA/LaRC and corporate directives.
- Coordinating LaRC safety input to training courses with appropriate HEI organizational elements and maintaining records pertaining to safety training and certification.
- Providing reporting and investigative support to the Workman's Compensation program.
- Maintaining all records pertaining to mishaps and their investigation and participating in such investigations when required.
- Providing membership on safety committees.
- Maintaining all records on safety inspections, closure reports, and safety committee minutes.
- Providing a repository for all procedures hazards analyses and safety reports.
- Maintaining a central safety library which contains, as a minimum, all applicable documents referenced in this plan.

### 3.4.1 Health and Medical Notifications

The designated company physician will be identified by the HEI Human Resources Manager to the Occupational Health Officer. Prompt notification of any change in company physician or locator information of the designated physician will be supplied to the Occupational Health Officer and will include the physician's name, address, and telephone numbers.

~~The HEI Human Resources Manager will provide, at least monthly, a roster of terminated HEI employees to LaRC for the purpose of medical records retirements.~~ Deleted 4-3-95

*Handwritten signature and date*

### 3.5 SYSTEM SAFETY ENGINEERING

The System Safety Engineer performs two essential safety functions: 1) hazard analysis, and 2) procedure review.

These functions are discussed in the following paragraphs.

#### 3.5.1 Hazard Analysis

The Safety Engineering effort provides hazard identification and planned control through the use of sound engineering principles and techniques to analyze the various processes and procedures. These analyses ensure that hazards associated with the work environment or with specific operations, or some combination thereof, have been properly identified, tracked, and closed.

### 3.6 OPERATIONS SAFETY

The Safety Officer is responsible for assuring that all HEI activities are being accomplished in a manner consistent with the policies and prescribed practices to ensure personnel safety and use of protective equipment.

#### 3.6.1 Fire Protection and Prevention Program

The Safety Officer will perform the following:

- Ensure compliance with the fire protection rules and precautions specified by the NASA/LaRC OSEMA Division.
- Coordinate all requests for burning, welding, cutting, open flame, heat guns, or other "hot" work permits with the Lab Manager and subcontractors when applicable and obtain concurrence from the safety operations.
- Control the use and ensure operability of protective devices of internal combustion engines in designated areas.

## 3.7 INDUSTRIAL SAFETY

### 3.7.1 General

HEI has an inherent responsibility for the safety of all employees. Elements of this program are addressed elsewhere in this safety plan. Additional elements are noted in the following paragraphs.

### 3.7.2 Employee Training

Every employee will receive an initial safety briefing at the time of employment and be provided with, in booklet or handout format, a summary of the general safety rules to be followed within HEI. Once the employee is at the job site, the Project Manager will provide information as to the safety requirements of that site or area (e.g., emergency evacuation routes, availability of emergency respirators or other personal protective equipment, and instruction in equipment use, if required). Prior to this training, specialized technical training—such as walkdowns, video tape presentations, and other safety classes required for specialized areas—will have been completed.

### 3.7.3 Protective Devices and Personal Protective Equipment

Operating procedures and work rules will specify the dress codes and requirement for personal protective equipment. It is the responsibility of the task supervisor to ensure that required equipment is available and used. The Safety Monitor will provide such additional checks as are necessary to ensure that these requirements are enforced. In addition, safety guards and devices furnished by HEI or the government shall be used. Removal or none use is prohibited unless authorized by the task supervisor with the concurrence of the cognizant Safety Specialist.

### 3.7.4 Safety Reports

#### 3.7.4.1 Safety Summary Report

Prior to the tenth calendar day following the close of each month, HEI shall submit a safety summary report to the LaRC Safety Operations Office. The report shall contain the following information:

- Accident/Injury/Incident Summary Report
- Inspection Reports (Summary)
- Training Summary

### 3.7.4.2 Mishap Investigation Reports

When an occupational accident/mishap occurs, there are two forms that must be filled out by the Department Manager: 1) Employer's First Report of Injury or Illness Form and 2) NASA Mishap Form 1627 (three-part carbonless form) are completed and processed.

#### *Immediate Notification and Reporting*

1. First Report of Injury or Illness
  - A. Must be submitted by the day following occurrence.
  - B. Original to the Human Resources office.
  - C. Copy to the Safety Officer (immediate verbal notification).
  - D. Complete all applicable items.
  - E. Form should be completed and signed by the Project Manager (neither lead nor supervisor). Under no circumstances is the injured employee to fill out this form. This form constitutes the initial investigation of the incident and completion by the injured employee will constitute a violation of the Safety and Health Plan for the SQ&R contract.
  - F. Submit to the Human Resources department copies of timesheets reflecting lost time due to Workman's Compensation injuries.
  - G. When a supervisor sends an injured employee to the LaRC Clinic or the doctor's office, that time is recorded as downtime on the timesheet with an explanation on the back of the timesheet.
2. NASA Mishap Form 1627 (three-part carbonless form)
  - A. Submitted to Safety Office within one working day of mishap (immediate verbal notification required).
  - B. Report immediately (24 hours) by telephone to the OSEMA all mishaps as discussed in 1-5 and forward Form 1627, NASA Mishap Report to the Safety Engineering/Safety Officer for dispositioning with unshaded blocks completed per paragraph C that follows. After HEI completes its investigation of the mishap and has developed a plan of corrective action, a ten-day report will be submitted on the second sheet of the Form 1627 within ten days of the mishap to the OSEMA.

1. Type A Mishap - A mishap causing death and/or damage to equipment or property equal to or greater than \$1,000,000. Mishaps meeting this criteria include damage to aircraft or space hardware (i.e, flight and ground support hardware). This definition also applies to a test failure if the damage was unexpected or unanticipated or if the failure is likely to have significant program impact or visibility.
  2. Type B Mishap - A mishap resulting in permanent disability to one or more persons, or resulting in hospitalization (for other than observation) of five or more persons, and/or damage to equipment or property equal to or greater than \$250,000 but less than \$1,000,000. Mishaps resulting in damage to aircraft or space hardware which meet this criterion are included, as are test failures where the damage was expected or unanticipated.
  3. Type C Mishap - A mishap resulting in damage to equipment or property equal to or greater than \$25,000, but less than \$250,000, and/or causing an occupational injury or illness which results in a lost workday case. Mishaps resulting in damage to aircraft or space hardware mishaps and test failures that meet these criterion are also included.
  4. Mission Failure - Any mishap (event) of such a serious nature that it prevents the accomplishment of a majority of the primary mission objectives.
  5. Incident - Any mishap consisting of less than Type C severity of injury to personnel (more than first aid severity), or property damage equal to or greater than \$1,000, but less than \$25,000. Events that have small property loss, less than \$1,000, should be reported as incidents if they have significantly greater potential or high visibility.
- C. The following instructions should be followed when completing the unshaded blocks of NASA Form 1627 for the 24-hour reporting period:
1. Blocks 1-22 per instructions on back of form.

Please note the following:

Block 4: Organization File No. This requires an HEI-unique four character code, the mishap number (sequential) using four digits, and the fiscal year (October 1 through September 30 constitutes the fiscal year for mishap reporting) using two digits to be obtained from the personnel office or Safety Officer. For example: HZJI-0001-90.



Block 19: If Block 19 is marked yes, then this form is not required to be completed. The determination of what constitutes medical treatment and what constitutes first aid is very important and is based on OMB No. 1220-0029, *Recordkeeping Guidelines for Occupational Injuries and Illnesses*. An excerpt from this booklet is attached. If the employee is sent to the medical clinic, then a form 340, *Report of Occupational Injury and Illness*, is sent to the OSEMA.

2. Blocks 27-28 per instructions on back of form.
  3. Block 33 is signature of Project Manager.
  4. The Safety Officer will make all the appropriate entries into the Bureau of Labor Statistics Log and Summary of Occupational Injuries and Illnesses using OSHA Form 200.
3. 10-Day Report. After the investigation of the mishap has been completed and a plan for corrective action developed, NASA Form 1627 will be completed by the Safety Officer including all required signatures and submitted within 10 working days of the mishap to the LaRC OSEMA for concurrence.

#### 3.7.4.3 OSHA Reports

All OSHA defined reportable injuries will be reported in accordance with OSHA instructions. Copies of the OSHA reports will be included in the safety summary report. The Safety Officer will make all appropriate entries into the Bureau of Labor Statistics Log and Summary of Occupational Injuries and Illnesses using OSHA Form 200.

EXHIBIT D  
DELIVERY ORDERS 001 AND 002

ORDER FOR SUPPLIES OR SERVICES

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IMPORTANT: Mark all packages and pallets with contract and/or order numbers.

1. DATE OF ORDER	2. CONTRACT NO. (If any) NAS1-20469	3. ORDER NO. 001	4. REQUISITION/REFERENCE NO.
5. ISSUING OFFICE (Address correspondence to) NASA Langley Research Center Hampton, VA 23681-0001		6. SHIP TO: (Consignee and address, ZIP Code)  SHIP VIA:	

7. TO: CONTRACTOR (Name, address and ZIP Code)  Hernandez Engineering Inc. 17625 El Camino Real Suite 200 Houston, TX 77058	8. TYPE OF ORDER  <input type="checkbox"/> A. PURCHASE - Reference your _____  Please furnish the following on the terms and conditions specified on both sides of this order and on the attached sheets, if any, including delivery as indicated. This purchase is negotiated under authority of:  <input checked="" type="checkbox"/> B. DELIVERY - Except for billing instructions on the reverse, this delivery order is subject to instructions contained on this side only of this form and is issued subject to the terms and conditions of the above-numbered contract.
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9. ACCOUNTING AND APPROPRIATION DATA P.R. AFB.1041; M2077; \$53,500	10. REQUISITIONING OFFICE Langley Research Center
11. BUSINESS CLASSIFICATION (Check appropriate box(es)) <input type="checkbox"/> SMALL <input type="checkbox"/> OTHER THAN SMALL <input checked="" type="checkbox"/> DIS-ADVANTAGED <input type="checkbox"/> WOMEN-OWNED	

12. F.O.B. POINT Destination	14. GOVERNMENT B/L NO.	15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date) March 31, 1996	16. DISCOUNT TERMS N/A
13. PLACE OF INSPECTION AND ACCEPTANCE Destination			

17. SCHEDULE (See reverse for Rejections)

ITEM NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
	<p>Fire Protection Engineering Assessments in accordance with attached work descriptions.</p> <p>Available Funding: For purposes of payment of cost, exclusive of fee, in accordance with the Limitation of Funds Clause, the total amount allotted by the Government to this order is \$50,000. This allotment covers the estimated period of performance: November 30, 1995.</p> <p>An additional amount of \$3,500 is obligated under this contract for payment of fee.</p>				<p>Est. Cost \$85,000 Fixed Fee \$5,950</p>	

SEE BILLING INSTRUCTIONS ON REVERSE	18. SHIPPING POINT	19. GROSS SHIPPING WEIGHT	20. INVOICE NO.	17(H). TOT. (Cont. pages)
	21. MAIL INVOICE TO: (Include ZIP Code) NASA Langley Research Center MS 175/Financial Management Division, Hampton, VA 23681-0001			CPFF \$90,950 17(I). GRAND TOTAL

22. UNITED STATES OF AMERICA BY (Signature) <i>Panice H. Clark</i> Panice H. Clark	23. NAME (Typed)  TITLE: CONTRACTING/ORDERING OFFICER
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CONTRACT NUMBER: \_\_\_\_\_

DATE: \_\_\_\_\_

DELIVERY ORDER NUMBER: 00 \_\_\_\_\_

DESCRIPTION:

The Office of Safety and Facility Assurance, within the Office of Safety, Environment and Mission Assurance is responsible for ensuring that all LaRC facilities comply with the requirements of the National Fire Protection Association and the NASA Safety Standard for Fire Protection, NSS-1740.11, among others. This assurance function is normally performed as a part of the new construction or modification of facility design review processes. However, as new codes and regulations are promulgated, no mechanism currently exists for reviewing existing facilities for compliance with the new standards, and the resulting risks that may be associated with non-compliance.

A fire protection engineering assessment of the following facilities is required. This will include adequacy of alarm and suppression systems, proper egress route protection, special heating, ventilation and air conditioning requirements and any other specialized equipment that may be specified by the referenced codes or safety standards. The assessment will include a final report that delineates the non-compliance areas in each building and recommendations for bringing the facilities into compliance.

- 1) B1244 Hangar Building, B1244A Hangar Water Deluge System.
- 2) B1293, Total complex.
- 3) B1247, Total Complex.
- 4) B645, Spin Tunnel.
- 5) B1205, Materials Research.
- 6) B1148, Structures Laboratory.
- 7) B1265, 3-Foot High Temperature Tunnel.
- 8) B1251, Unitary Tunnel.
- 9) B1236, The National Transonic Facility.
- 10) B1221A, C.
- 11) B643 Transonic Dynamics Tunnels.
- 12) All Four Utility Tunnels.

**DELIVERY DATE:** This work is to be completed no later than March 31, 1996. However, milestones for completion of each building assessment are negotiable and will be agreed upon during the negotiation process, and will be dependent upon the specific staffing approach to be utilized by the Contractor.

**OSFA POINT-OF-CONTACT:** Doug Smith

**MILESTONE REQUIREMENTS:** The Contractor will submit each facility assessment in a preliminary form as the activity is completed. The Government will review the report, ask for clarification/changes as appropriate, and the Contractor will make the necessary changes and submit the final reports.

ORDER FOR SUPPLIES OR SERVICES

PAGE OF PAGES

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IMPORTANT: Mark all packages and papers with contract and/or order numbers.

1. DATE OF ORDER	2. CONTRACT NO. (If any) NAS1-20469	3. ORDER NO. 002	4. REQUISITION/REFERENCE NO.
5. ISSUING OFFICE (Address correspondence to) NASA Langley Research Center Hampton, VA 23681-0001		6. SHIP TO: (Consignee and address, ZIP Code)  SHIP VIA:	

7. TO: CONTRACTOR (Name, address and ZIP Code)  Hernandez Engineering Inc. 17625 El Camino Real Suite 200 Houston, TX 77058	8. TYPE OF ORDER  <input type="checkbox"/> A. PURCHASE - Reference your _____  Please furnish the following on the terms and conditions specified on both sides of this order and on the attached sheets, if any, including delivery as indicated. This purchase is negotiated under authority of:  <input checked="" type="checkbox"/> B. DELIVERY - Except for billing instructions on the reverse, this delivery order is subject to instructions contained on this side only of this form and is issued subject to the terms and conditions of the above-numbered contract.
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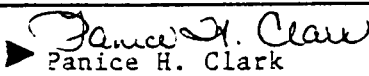
9. ACCOUNTING AND APPROPRIATION DATA P.R. AFB.1041; M207Z; \$27,240	10. REQUISITIONING OFFICE Langley Research Center
11. BUSINESS CLASSIFICATION (Check appropriate box(es)) <input type="checkbox"/> SMALL <input type="checkbox"/> OTHER THAN SMALL <input checked="" type="checkbox"/> DIS-ADVANTAGED <input type="checkbox"/> WOMEN-OWNED	

12. F.O.B. POINT Destination	14. GOVERNMENT B/L NO.	15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date) See Attached Milestones	16. DISCOUNT TERMS N/A
13. PLACE OF INSPECTION AND ACCEPTANCE Destination			

17. SCHEDULE (See reverse for Rejections)

ITEM NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
	Three Product Assurance Plans in accordance with the attached work description.				Est. Cost \$25,460 Fixed Fee \$1,780	

SEE BILLING INSTRUCTIONS ON REVERSE	18. SHIPPING POINT	19. GROSS SHIPPING WEIGHT	20. INVOICE NO.	17(H). TOT. (Cont. pages)
	21. MAIL INVOICE TO: (Include ZIP Code) NASA Langley Research Center MS 175/Financial Management Division, Hampton, VA 23681-0001			17(I). GRAND TOTAL CPFF \$27,240

22. UNITED STATES OF AMERICA BY (Signature) 	23. NAME (Typed) Panice H. Clark TITLE: CONTRACTING/ORDERING OFFICER
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CONTRACT NUMBER: NAS1-20469

DATE:

DELIVERY ORDER NUMBER: 002

DESCRIPTION:

The contractor shall develop Product Assurance Plans for the three Space Payloads listed below. The plans shall include all project system safety, reliability and quality assurance requirements to ensure mission success. Each plan shall be tailored for the specific project based on the hardware being developed, the launch vehicle and integrator, and LHB 5300.10 and the NHB 5300 series documents. The requested completion date for each plan is included in the listing below.

Payload	Plan Completion Date
Materials in Devices as Superconductors	5/31/95
MIR Environmental Effects Payload	6/30/95
Polished Plate Micrometeoroid Debris	8/1/95

DELIVERY DATE: As Listed Above

OMA POINT of CONTACT: Elijah Kent

MILESTONE REQUIREMENTS: Outline Review, Preliminary Draft Review, Draft Review, Final Plan Review