

AWARD/CONTRACT	1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350)	RATING	PAGE OF PAGES 1 40
-----------------------	---	--------	-------------------------

2. CONTRACT (Proc. Inst. Ident.) NO. HSHQDC-09-C-00040	3. EFFECTIVE DATE 02/02/2009	4. REQUISITION/PURCHASE REQUEST/PROJECT NO. RSIN-09-00014
---	---------------------------------	--

5. ISSUED BY U.S. Dept. of Homeland Security Office of Procurement Operations S&T Acquisition Division 245 Murray Lane, SW Building 410 Washington DC 20528	CODE DHS/OPO/S&T/MSSNSPR	6. ADMINISTERED BY (If other than Item 5) U.S. Dept. of Homeland Security Office of Procurement Operations S&T Acquisition Division 245 Murray Lane, SW Building 410 Washington DC 20528	CODE DHS/OPO/S&T/MSSN
---	-----------------------------	--	--------------------------

7. NAME AND ADDRESS OF CONTRACTOR (No., Street, City, Country, State and ZIP Code) DIGITAL SIGNAL CORP 5568 GENERAL WASHINGTON DR SUITE A200 ALEXANDRIA VA 223122465	8. DELIVERY <input type="checkbox"/> FOB ORIGIN <input checked="" type="checkbox"/> OTHER (See below)
--	--

9. DISCOUNT FOR PROMPT PAYMENT Net 30	10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN ITEM
--	---

CODE 1855644370000	FACILITY CODE
--------------------	---------------

11. SHIP TO/MARK FOR Department of Homeland Security 245 Murray Lane Bldg. 410 Washington DC 20528	CODE DHS	12. PAYMENT WILL BE MADE BY DHS ICE Burlington Finance Center PO BOX 1000 Attn: S&T Division SAT.Invoice.Consolidation@dhs.gov Williston VT 05495-1000	CODE DHS-S&T-INV
--	-------------	--	---------------------

13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: <input type="checkbox"/> 10 U.S.C. 2304 (c) () <input type="checkbox"/> 41 U.S.C. 253 (c) ()	14. ACCOUNTING AND APPROPRIATION DATA See Schedule
---	---

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

15G. TOTAL AMOUNT OF CONTRACT	\$624,395.00
-------------------------------	--------------

16. TABLE OF CONTENTS			
(X)	SEC.	DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE			
X	A	SOLICITATION/CONTRACT FORM	1-2
X	B	SUPPLIES OR SERVICES AND PRICES/COSTS	3-4
X	C	DESCRIPTION/SPECS./WORK STATEMENT	5
X	D	PACKAGING AND MARKING	6
X	E	INSPECTION AND ACCEPTANCE	7-8
X	F	DELIVERIES OR PERFORMANCE	9
X	G	CONTRACT ADMINISTRATION DATA	10-13
X	H	SPECIAL CONTRACT REQUIREMENTS	14-20
PART II - CONTRACT CLAUSES			
X	I	CONTRACT CLAUSES	20-33
PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.			
X	J	LIST OF ATTACHMENTS	34-40
PART IV - REPRESENTATIONS AND INSTRUCTIONS			
	K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
	L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
	M	EVALUATION FACTORS FOR AWARD	

CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. <input checked="" type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 1 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 condition 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 Richard Sebastian, President	20A. NAME OF CONTRACTING OFFICER SUSAN D. EICHER
19B. NAME OF CONTRACTOR Digital Signal Corporation	20B. UNITED STATES OF AMERICA
BY <i>Richard Sebastian</i> (Signature of person authorized to sign)	BY <i>Susan D. Eicher</i> (Signature of the Contracting Officer)
19C. DATE SIGNED 2/18/09	20C. DATE SIGNED 2.18.2009

CONTINUATION SHEET

REFERENCE NO. OF DOCUMENT BEING CONTINUED
HSHQDC-09-C-00040

PAGE OF
2 40

NAME OF OFFEROR OR CONTRACTOR

DIGITAL SIGNAL CORP

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
0001	<p>DUNS Number: 185564437+0000 Division: Innovation PPA: Innovation Thrust: HIPS Program: HIPS Project: Future Attribute Screening Technologies (FAST) Appropriation Year: FY09 (9X Funds) Budget Authority: No-Year R&D Funds ALC: 70-08-1513 APPS: 70X0800</p> <p>Description: The Contractor shall upgrade the prototype system to a fieldable system configuration.</p> <p>Delivery: 02/01/2010 Mark For: Department of Homeland Security Office of Procurement Operations 245 Murray Lane Bldg. 410/MAILSTOP 2100 Washington DC 20528</p> <p>Accounting Info: NONE000-000-9X-36-02-01-001-01-00-0000-00-00-00-00-00-GE-OE-25-50-000000 FOB: Destination Period of Performance: 02/02/2009 to 02/01/2010</p> <p>Digital Signal Corporation shall accomplish all work in accordance with the Contract Statement of Work in Section J. This Contract is in support of the Homeland Innovative Prototypical Solutions (HIPS) Program within the Department of Homeland Security, Science and Technology Directorate. This Contract is awarded under DHS Long Range Broad Agency Announcement (LRBAA) Solicitation No. BAA 08-01. Obligated Amount: \$624,395.00</p> <p>The total amount of award: \$624,395.00. The obligation for this award is shown in box 15G.</p>				624,395.00

Section B
Supplies or Services and Prices/Costs

B.1 SUPPLIES OR SERVICES AND PRICES/COSTS

- a) The Contractor shall provide all supplies and services (except as may be expressly stated in this contract as furnished by the Government) necessary to furnish the items below in accordance with the Section C, Statement of Work (SOW).
- b) The total estimated cost, fixed-fee, and estimated price for the performance of all work called for under this Contract is identified in the table below. The estimated cost, fixed-fee, and estimated price, to the Government for the performance of this contract is identified in the table below, which is the amount referred to in the Section B.2 clause entitled “Contract Funding”, and Section I clause 52.232-20, “Limitation of Cost”.

ITEM	DESCRIPTION	ESTIMATED COST	FIXED-FEE	TOTAL ESTIMATED PRICE (COST + FIXED-FEE)
Task 1	Delivery of DHS System (BioLIDAR REV 0.6)	(b) (4)	(b) (4)	(b) (4)
Task 2	Software Upgrade of DHS System 2			
Task 3	System Upgrade of DHS System 1 to BioLIDAR REV 2.0			
Task 4	BioLIDAR Maintenance and Field Support Task			
Task 5	Upgrade DHS System 2 (BioLIDAR REV 1.0) to BioLIDAR REV 2.0			
	Tasks 1 Through 5:			\$ 624,395
Task 6 OPTION	Suppression of (b) (2) Related Influences on Remote Signal Collection			(b) (4)
Task 7 OPTION	Automatic Lock-On Monitoring of Mobile Subjects			
Task 8 OPTION	3D Image Registration to Enhance Operation With Image-Based Sensing			
Task 9 OPTION	Micro-Facial Muscle Movement Detection			
Task 10 OPTION	Upgrade Systems To Allow Subject Requisition & Continuity Verification			
Task 11 OPTION	BioLIDAR Maintenance and Field Support			
	Tasks 6 Through 11:			\$ 912,627
	Tasks 1 Through 11:	(b) (4)		\$1,537,022

Section B
Supplies or Services and Prices/Costs

B.2 CONTRACT FUNDING

a) For purposes of payment of cost, in accordance with Section I clause, FAR 52.232-20 "Limitation of Cost", the total amount allotted by the Government to this Contract is \$ 624,395

(b) (4) ESTIMATED COST	(b) (4) FIXED-FEE	\$ 624,395 ESTIMATED COST + FIXED-FEE FOR TASKS 1, 2, 3, 4, AND 5
----------------------------------	-----------------------------	--

This allotment of \$624,395 is for Tasks 1 through 5 and covers the period of performance 2 February 2009 through 1 February 2010.

b) If the Government elects to exercise any of the Option Tasks 6 through 11, either individually, or in total, a separate modification(s) will be issued to fund each Task.

c) The total estimated COST-PLUS-FIXED-FEE Price of the Contract if all Tasks are procured is \$1,537,022.

B.3 CONTRACT TYPE

This is a COST-PLUS-FIXED-FEE (Completion) Contract.

Section C
Description/Specification/Work Statement

C.1. STATEMENT OF WORK

a) In accordance with the contract's terms and conditions, the Contractor shall furnish all personnel, services, equipment, materials, and facilities (except as may be expressly stated in this contract as furnished by the Government) .

b) All work must be accomplished in accordance with the Statement of Work included in Section J.

Section D
Packaging and Marking

D.1 PACKING, PACKAGING, AND MARKING

Unless otherwise specified, all items to be delivered under this contract shall be preserved, packaged, and packed in accordance with normal commercial practices to meet the packing requirements of the carrier and ensure safe delivery at destination.

All initial packing, marking and storage incidental to shipping of equipment to be provided under this contract shall be at the Contractor's expense. The Contractor shall supervise the packing of all acquired equipment furnished by the Contractor and shall supervise the unpacking of equipment to be installed.

D.2 MARKINGS

All deliverables submitted to the Contracting Officer and the COTR must be accompanied by a packing list or other suitable shipping document that clearly indicates the following:

- (a) Contract number;
- (b) Task Number (as applicable)
- (c) Name and address of the consignor;
- (d) Name and address of the consignee;
- (e) Government bill of lading number covering the shipment (if any); and
- (f) Description of the item/material shipped, including item number, quantity, number of containers, and package number (if any).

Section E
Inspection and Acceptance

E.1 INSPECTION AND ACCEPTANCE

Supplies/services will be inspected at the performer's facility and accepted at DHS sites or sites designated by the Contracting Officer's technical Representative (COTR).

E.2 52.252-2 CLAUSES INCORPORATED BY REFERENCE. (FEB 1998)

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. Also, the full text of a clause may be accessed electronically at the following internet address: <http://farsite.hill.af.mil/>

52.246-8	Inspection Of Research And Development – Cost Reimbursement	AUG 1996
----------	---	----------

E.3 INSPECTION, ACCEPTANCE, AND RECEIVING REPORT

An inspection, acceptance, and receiving report must be signed by an authorized Government representative to evidence receipt, inspection, and acceptance. The report must be completed at the place(s) specified in the contract for Government receipt and acceptance. DHS Form 700-21, Material Inspection and Receiving Report, may be used for this purpose. Other forms/formats are acceptable if they contain 1) Date; 2) Contract Number; 3) Modification Number; 4) Contractor's Name; 5) Date the items were received or date recurring payment due; 6) Location where items were delivered or Contractor's performance; 7) Statement that all the requirements have been inspected, received and accepted by (insert name of authorized Government representative) and meet the terms of the contract except as noted below: 8) List the requirements that were not accepted and/or the deductions made and state the reason why; 9) Total amount of deductions; 10) Signature of authorized Government representative; 11) Title of authorized Government representative; and 12) Date signed.

E.4 ACCEPTANCE CRITERIA

Certification by the Government of satisfactory Contractor performance is contingent upon the Contractor performing in accordance with the terms and conditions of the contract and all modifications.

E.5 REVIEW OF DELIVERABLES

(a) The Government will provide written acceptance, comments and/or change requests, if any, within fifteen (15) business days from receipt by the Government of the initial deliverable.

Section E
Inspection and Acceptance

(b) Upon receipt of the Government comments, the Contractor shall have fifteen (15) business days to incorporate the Government's comments and/or change requests and to resubmit the deliverable in its final form.

(c) If written acceptance, comments and/or change requests are not issued by the Government within 30 calendar days of submission, the draft deliverable shall be deemed acceptable as written and the Contractor may proceed with the submission of the final deliverable product.

E.6 WRITTEN ACCEPTANCE/REJECTION BY THE GOVERNMENT

The Government shall provide written notification of acceptance or rejection of all final deliverables within 30 calendar days. Absent written notification, final deliverables will be construed as accepted. All notifications of rejection will be accompanied with an explanation of the specific deficiencies causing the rejection.

Section F
Deliveries or Performance

F.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE. (FEB 1998)

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. Also, the full text of a clause may be accessed electronically at the following Internet address: <http://www.acqnet.gov/far>.

52.242-15	STOP-WORK ORDER	AUG 1989
52.242-17	GOVERNMENT DELAY OF WORK.	APR 1984
52.247-1	COMMERCIAL BILL OF LADING NOTATIONS	APR 1984
52.247-34	F.o.b. DESTINATION	JAN 1991

F.2 CONTRACT PERIOD OF PERFORMANCE

The basic period of performance for this Contract is from 2 February 2009 through 1 February 2010. The period of performance for Tasks 6 through 11 will be determined at a later date. The period of performance of this Contract shall not exceed thirty-six (36) months.

F.3 DELIVERABLES

See Section J, Statement of Work for Deliverables.

F.4 CONTRACTOR CCR INFORMATION:

REGISTRATION VALID UNTIL: (b) (4)
CAGE CODE: 41GL8
DUNS NUMBER: 185564437
TIN: (b) (4)
ORCA is valid until February 2, 2010

Section G
Contract Administration Data

G.1 ACCOUNTING AND APPROPRIATION DATA

The applicable accounting and appropriation data is as follows:

BASIC CONTRACT:

AMOUNT OBLIGATED: \$ 624,395

NONE000-000-9X-36-02-01-001-01-00-0000-00-00-00-00-GE-OE-25-50-000000

**G.2 CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE
(HSAR 3052.242-72) (DEC 2003)**

a) The Contracting Officer may designate Government personnel to act as the Contracting Officer's Technical Representative (COTR) to perform functions under the contract such as review or inspection and acceptance of supplies, services, including construction, and other functions of a technical nature. The Contracting Officer will provide a written notice of such designation to the Contractor within five working days after contract award or for construction, not less than five working days prior to giving the Contractor the notice to proceed. The designation letter will set forth the authorities and limitations of the COTR under the contract.

b) The Contracting Officer cannot authorize the COTR or any other representative to sign documents, such as contracts, contract modifications, etc., that require the signature of the Contracting Officer.

G.3 SUBMISSION OF INVOICES – SINGLE PAYMENT OFFICE'

Original invoices must be sent to the addresses provided below:

EMAIL: SAT.Invoice.Consolidation@dhs.gov

HARD COPY: DHS ICE
Burlington Finance Center
P. O. Box 1000
Williston, Vermont 05495-1000
ATTN: Office of Innovation

A copy of the invoice must also be forwarded via email to the Contracting Officer. In order to initiate payment, the Contractor shall submit proper invoices for payment in the manner and format described as follows:

Contract Number
Contractor Name
Date of Invoice

Section G
Contract Administration Data

Invoice Number

The following information must be provided for costs and fees invoiced for each Task:

Direct Labor (Labor Rates, Labor Hours, and Labor Categories)

Direct Labor Overhead

Other Direct Costs (Itemized)

Subcontractor Costs (List each subcontractor separately)

Travel Costs (Itemized)

G&A Overhead

Any other Overhead expenses/rates

Identify the period of performance for which the invoice is submitted

The Contractor and the Government (COTR/Contracting Officer) will agree upon the final invoice format no later than 14 days after contract award.

G.4 CHANGES AUTHORIZED ONLY BY THE CONTRACTING OFFICER

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

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

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

Susan D. Eicher
susan.eicher@dhs.gov

(b) (6)

Section G
Contract Administration Data

G.5 HSAR 3052.242-72 Contracting Officer's Technical Representative (Dec 2003).

The Contracting Officer may designate Government personnel to act as the Contracting Officer's Technical Representative (COTR) to perform functions under the contract, such as review or inspection and acceptance of supplies, services, including construction, and other functions of a technical nature. The Contracting Officer will provide a written notice of such designation to the Contractor within five working days after contract award or for construction, not less than five working days prior to giving the Contractor the notice to proceed. The designation letter will set forth the authorities and limitations of the COTR under the contract.

The Contracting Officer cannot authorize the COTR or any other representative to sign documents, such as contracts, contract modifications, etc., that require the signature of the Contracting Officer.

COTR

Name: Robert P. Burns
Address: U. S. DHS-S&T
254 Murray Lane SW – Bldg. 410
MAILSTOP 2100
Washington DC 20528
Phone No: (b) (6)
E-mail Address: robert.p.burns1@dhs.gov

G.6 CONTRACT ADMINISTRATION

a) Contracting Officer Authority. The Contracting Officer is the only person authorized to approve changes to any of the terms and conditions of this contract. In the event the Contractor effects any changes at the direction of any person other than the Contracting Officer, the changes will be considered to have been made without authority and no adjustment will be made in the contract price to cover any increase in costs incurred as a result thereof. The Contracting Officer shall be the only individual authorized to accept nonconforming work, waive any requirement of the contract, or to modify any term or condition of the contract. The Contracting Officer is the only individual who can legally obligate Government funds. No cost chargeable to the proposed contract can be incurred before receipt of a fully executed contract, which includes any subsequent contract modifications or other specific written authorization from the Contracting Officer.

Contracting Officer

Department of Homeland Security
245 Murray Lane SW
Building 410 / MAILSTOP 2100
Attn: Susan D. Eicher
Science and Technology Acquisition Division
Telephone No. (b) (6)
Email Address: susan.eicher@dhs.gov

Section G
Contract Administration Data

Technical Direction. Performance of the work under this Contract shall be subject to the technical direction of the COTR. The term “technical direction” is defined to include:

- 1) Directions to the Contractor which redirect the contract effort, shift work emphasis between work areas or tasks, direct various efforts for statement of work accomplishment;
- 2) Provision of written information to the Contractor which assists in interpretation of drawings, specifications, or technical portions of the work description; and
- 3) Review, and where required by the contract, approval of technical reports, drawings, specifications, and technical information to be delivered by the Contractor to the Government under the contract.

Technical direction must be within the scope of work stated in the award. The COTR does not have the authority to, and may not, issue any technical direction which:

- 1) Constitutes an assignment of additional work outside the statement of work;
- 2) Constitutes a change as defined in the clause, entitled “Changes;”
- 3) In any manner causes an increase or decrease in the level of effort, total price, or the time required for contract performance;
- 4) Changes any of the expressed terms, conditions, or specifications of the contract; or
- 5) Interferes with the Contractor’s right to perform the terms and conditions of the contract.

All technical directions shall be issued in writing by the COTR.

The Contractor shall proceed promptly with the performance of technical directions duly issued by the applicable COTR in the manner prescribed by this clause and within their authority under the provisions of this clause. If, in the opinion of the Contractor, any instruction or direction by the applicable COTR falls within one of the categories defined in (b)(1) through (5), above, the Contractor shall not proceed but shall notify the Contracting Officer (CO) in writing within five (5) working days after receipt of any such instruction or direction and shall request the CO to modify the contract accordingly. Upon receiving the notification from the Contractor, the CO shall:

- 1) Advise the Contractor in writing within thirty (30) days after receipt of the Contractor’s letter that the technical direction is within the scope of the contract effort and does not constitute a change under the “changes” clause of the award; or
- 2) Advise the Contractor within a reasonable time that the Government will issue a written change to the award; or
- 3) Advise the Contractor that the technical direction to which the Contractor has objected is, in fact, outside the scope of the award and should not be acted upon.

A failure of the Contractor and CO to agree as to whether the technical direction is within the scope of the award, or a failure to agree upon the contract action to be taken with respect thereto, shall be subject to the provisions of the Disputes clause.

Section H
Special Contract Requirements

H.1 GOVERNMENT CONSENT OF PUBLICATION/ENDORSEMENT

The Contractor agrees not to refer to awards in commercial advertising in such a manner as to state or imply that the product or service provided is endorsed or preferred by the Federal Government or is considered by the Government to be superior to other products or services.

Under no circumstances shall the Contractor, or anyone acting on behalf of the Contractor, refer to the supplies, services, or equipment furnished pursuant to the provisions of this contract in any news release or commercial advertising without first obtaining explicit written consent to do so from the Contracting Officer.

H.2 POST AWARD EVALUATION OF CONTRACTOR PERFORMANCE

a) Contractor Performance Evaluations

Annual and final evaluations of Contractor performance will be prepared on this contract in accordance with FAR 42.15 (or FAR 36.201 for construction, or FAR 36.604 for Architect-Engineering). The final performance evaluations will be prepared at the time of completion of work. Annual and final evaluations will be provided to the Contractor as soon as practicable after completion of the evaluation. The Contractor can elect to review the evaluation and submit additional information or a rebuttal statement. The Contractor will be permitted thirty (30) days to respond. Contractor response is voluntary. Any disagreement between the parties regarding an evaluation will be referred to the Head of the Contracting Activity, whose decision is final. Copies of the evaluations, Contractor responses, and review comment, if any, will be retained as part of the contract file, and may be used to support future award decisions.

b) Electronic Access to Contractor Performance Evaluations

FAR 42.15 requires agencies to prepare annual and final evaluations of Contractor performance. The U.S. Department of Homeland Security utilizes the National Institutes of Health (NIH) Contractor Performance System (CPS) to record and maintain past performance information. Contractors that have Internet capability may access evaluations through a secure website for review and comment by completing the registration form that can be obtained at the following URL: <https://cpsContractor.nih.gov/>.

The registration process requires the Contractor to identify an individual that will serve as a primary contact and who will be authorized access to the evaluation for review and comment. In addition, the Contractor will be required to identify a secondary contact who will be responsible for notifying the cognizant contracting official in the event the primary contact is unavailable to process the evaluation within the required 30-day time period. Once the Contractor is registered and a performance evaluation has been prepared and is ready for comment, the CPS will send an email to the Contractor representative notifying that individual that a performance evaluation is electronically available for review and comment.

Section H
Special Contract Requirements

H.3 OBSERVANCE OF LEGAL HOLIDAYS AND EXCUSED ABSENCE

a) The Government hereby provides notification that Government personnel observe the listed days as holidays:

- | | |
|-----------------------------------|----------------------|
| (1) New Year's Day | (6) Labor Day |
| (2) Martin Luther King's Birthday | (7) Columbus Day |
| (3) President's Day | (8) Veterans' Day |
| (4) Memorial Day | (9) Thanksgiving Day |
| (5) Independence Day | (10) Christmas Day |

b) In addition to the days designated as holidays, the Government observes the following days:

- (1) Any other day designated by Federal Statute
- (2) Any other day designated by Executive Order
- (3) Any other day designated by the President's Proclamation

c) It is understood and agreed between the Government and the Contractor that observance of such days by Government personnel shall not otherwise be a reason for an additional period of performance, or entitlement of compensation except as set forth within the contract. In the event the Contractor's personnel work during the holiday, they may be reimbursed by the Contractor, however, no form of holiday or other premium compensation will be reimbursed either as a direct or indirect cost, other than their normal compensation for the time worked. This provision does not preclude reimbursement for authorized overtime work if applicable to this contract.

d) When the Federal and Governmental entities grants excused absence to its employees, assigned Contractor personnel may also be dismissed. The Contractor agrees to continue to provide sufficient personnel to perform critical tasks already in operation or scheduled, and shall be guided by the instructions issued by the CO or the COTR.

e) If Government personnel are furloughed, the Contractor shall contact the CO or the COTR to receive direction. It is the Government's decision as to whether the contract price/cost will be affected. Generally, the following situations apply:

- (1) Contractor personnel that are able to continue contract performance (either on-site or at a site other than their normal work station) shall continue to work and the contract price shall not be reduced or increased.
- (2) Contractor personnel that are not able to continue contract performance (e.g., support functions) may be asked to cease their work effort.

f) In those situations that furloughed Government personnel are reimbursed, the Contractor may not invoice for their employees working during the Government furlough until such time as

Section H
Special Contract Requirements

the special legislation affecting Government personnel is signed into law by the President of the United States.

g) Nothing in this clause abrogates the rights and responsibilities of the parties relating to stop work provisions as cited in other sections of this contract.

H.4 LANGUAGE REQUIREMENT

Contractor personnel shall have sufficient English language proficiency to perform technical services.

H.5 IMPLEMENTATION OF EXECUTIVE ORDER (EO)12334, TERRORIST FINANCING

The Contractor is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the Contractor to ensure compliance with these Executive Orders and laws.

H.6 DISCLOSURE OF INFORMATION

a) Contractors are reminded that information furnished under this solicitation may be subject to disclosure under the Freedom of Information Act (FOIA). Therefore, all items that are confidential to business, or contain trade secrets, proprietary, or personnel information must be clearly marked. Marking of items will not necessarily preclude disclosure when the U.S. Office of Personnel Management (OPM or The Government) determines disclosure is warranted by FOIA. However, if such items are not marked, all information contained within the submitted documents will be deemed to be releasable.

b) Any information made available to the Contractor by the Government must be used only for the purpose of carrying out the provisions of this Contract and must not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract.

c) In performance of this Contract, the Contractor assumes responsibility for protection of the confidentiality of Government records and must ensure that all work performed by its subcontractors shall be under the supervision of the Contractor or the Contractor's responsible employees.

d) Each officer or employee of the Contractor or any of its subcontractors to whom any Government record may be made available or disclosed must be notified in writing by the Contractor that information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such information, by any

Section H
Special Contract Requirements

means, for a purpose or to an extent unauthorized herein, may subject the offender to criminal sanctions imposed by 19 U.S.C. 641. That section provides, in pertinent part, that whoever knowingly converts to their use or the use of another, or without authority, sells, conveys, or disposes of any record of the United States or whoever receives the same with intent to convert it to their use or gain, knowing it to have been converted, shall be guilty of a crime punishable by a fine of up to \$10,000, or imprisoned up to ten years, or both.

H.7 REMOVAL OF CONTRACTOR EMPLOYEES

The Contracting Officer may require dismissal from work of those Contractor employees which he/she deems incompetent, careless, insubordinate, unsuitable or otherwise objectionable, or whose continued employment he/she deems contrary to the public interest or inconsistent with the best interest of national security. The Contractor must fill out, and cause each of its employees on the contract work to fill out, for submission to the Government, such forms as may be necessary for security or other reasons.

H.8 INFORMATION TECHNOLOGY CLEARANCE

a) When sensitive Government information is processed on Department telecommunications and automated information systems, the Contractor agrees to provide for the administrative control of sensitive data being processed and to adhere to the procedures governing such data as outlined in DHS Management Directive 430, entitled "DHS IT Security Program." Contractor personnel must have favorably adjudicated background investigations commensurate with the define sensitivity level.

b) Contractors who fail to comply with Department security policy are subject to having their access to Department IT systems and facilities terminated, whether or not the failure results in criminal prosecution. Any person who improperly discloses sensitive information is subject to criminal and civil penalties and sanctions under a variety of laws (e.g., Privacy Act).

H.9 INFORMATION TECHNOLOGY SECURITY TRAINING AND OVERSIGHT

a) All Contractor employees using Department automated systems or processing Department sensitive data will be required to complete security awareness training. This training will be provided by the appropriate component agency of DHS.

b) Contractors who are involved with the management, use, or operation of any IT systems that handle sensitive information within or under the supervision of the Department shall receive periodic training at least annually in security awareness and accepted security practices and systems rules of behavior. Department Contractors with significant security responsibilities shall receive specialized training specific to their security responsibilities annually. The level of training shall be commensurate with the individual's duties and responsibilities and is intended to

Section H
Special Contract Requirements

promote a consistent understanding of the principles and concepts of telecommunications and IT systems security.

c) All personnel who access Department information systems will be continually evaluated while performing these duties. Supervisors should be aware of any unusual or inappropriate behavior by personnel accessing systems. Any unauthorized access, sharing of passwords, or other questionable security procedures should be reported to the local DHS Office of Security or Information Systems Security Officer (ISSO).

H.10 NON-DISCLOSURE OF PROTECTED CRITICAL INFRASTRUCTURE INFORMATION

a) The Contractor and the Government agree to implement an interim rule promulgating new regulations at Title 6 Code of Federal Regulations Section 29.8(c) to govern procedures for handling critical infrastructure information. The regulations detailed in the interim rule, which was effective upon publication pursuant to Section 808 of the Congressional Review Act, were promulgated pursuant to Title II, Section 214 of the Homeland Security Act of 2002, known as the Critical Infrastructure Information Act of 2002 (CIIA Act).

b) The Contractor shall not request, obtain, maintain or use Protected CII without a prior written certification from the Protected CII Program Manager or a Protected CII Officer that conforms to the requirements of Section 29.8(c) of the regulations in the Interim Rule.

c) The Contractor shall comply with all requirements of the Protected CII (PCII) Program set out in the CII Act, in the implementing regulations published in the Interim Rule, and in the PCII Procedures Manual as they may be amended from time to time, and shall safeguard Protected CII in accordance with the procedures contained therein. The Contractor shall ensure that each of its employees, consultants and subcontractors who work on the PCII Program have executed Non-Disclosure Agreements (NDAs) in a form prescribed by the PCII Program Manager. The Contractor shall ensure that each of its employees, consultants and subcontractors has executed a NDA and agrees that none of its employees, consultants or subcontractors will be given access to Protected CII without having previously executed a NDA.

H.11 STANDARDS OF CONDUCT AT GOVERNMENT INSTALLATIONS

a) The Contractor shall be responsible for maintaining satisfactory standards of employee competency, conduct, appearance, and integrity and shall be responsible for taking such disciplinary action with respect to his employees, as may be necessary. The Contractor is also responsible for ensuring that his employees do not disturb paper on desks, open desk drawers or cabinets or use Government telephones, except as authorized.

Section H
Special Contract Requirements

b) If due to the fault or neglect of the Contractor, his agents, or employees, any Government property, equipment, stock, or supplies are lost or damaged during performance of this contract, the Contractor shall be responsible for such loss or damage and the Government, at its option, may either require the Contractor to replace all property or to reimburse the Government for the full value of the lost or damaged property.

c) The Contractor is responsible for maintaining assigned space(s) in a clean and orderly fashion during the course of this contract. Furniture as may be assigned to the space(s) shall remain in place and not removed from areas. All telephones are for conducting official Government business only. The Contractor is responsible for exercising control over all supplies, materials, and equipment of a personal or company nature.

Section I
Contract Clauses

I.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE. (FEB 1998)

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. Also, the full text of a clause may be accessed electronically at the following Internet address: <http://www.acqnet.gov/far.:HSAR> clauses at <http://www.dhs.gov/xopnbiz/regulations/>.

52.202-1	DEFINITIONS.	DEC 2001
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 1995
52.203-7	ANTI-KICKBACK PROCEDURES.	JUL 1995
52.203-8	CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY.	JAN 1997
52.203-10	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY.	JAN 1997
52.203-11	CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS.	APR 1991
52.203-12	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS.	JUN 1997
52.204-2	SECURITY REQUIREMENTS.	AUG 1996
52.204-4	PRINTING/COPYING DOUBLE-SIDED ON RECYCLED PAPER.	AUG 2000
52.209-6	PROTECTING THE GOVERNMENTS INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT.	JUL 1995
52.215-2	AUDIT AND RECORDS - NEGOTIATION.	JUN 1999
52.215-8	ORDER OF PRECEDENCE--UNIFORM CONTRACT FORMAT.	OCT 1997
52.215-11	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA --MODIFICATIONS.	OCT 1997
52.215-13	SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS	OCT 1997
52.215-14	INTEGRITY OF UNIT PRICES.	OCT 1997
52.215-15	TERMINATION OF DEFINED BENEFIT PENSION PLANS	DEC 1998
52.215-17	WAIVER OF FACILITIES CAPITAL COST OF MONEY.	OCT 1997
52.215-18	REVERSION OR ADJUSTMENT OF PLANS FOR POSTRETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS.	OCT 1997
52.215-19	NOTIFICATION OF OWNERSHIP CHANGES.	OCT 1997

Section I
Contract Clauses

52.215-21	REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA--MODIFICATIONS.	OCT 1997
52.216-7	ALLOWABLE COST AND PAYMENT	DEC 2002
52.216-8	FIXED FEE	MAR 1997
52.217-8	OPTION TO EXTEND SERVICES. (insert "30 days prior to the end of the basic period of performance)	NOV 1999
52.217-9	OPTION TO EXTEND THE TERM OF THE CONTRACT. (insert "30 days prior to the end of the basic contract, 30 days, thirty-six months")	MAR 2000
52.222-20	WALSH-HEALEY PUBLIC CONTRACTS ACT	DEC 1996
52.222-21	PROHIBITION OF NONSEGREGATED FACILITIES	FEB 1999
52.222-26	EQUAL OPPORTUNITY.	APR 2002
52.222-35	AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS	DEC 2001
52.222-36 1998	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES	JUN
52.222-37	EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA	DEC 2001
52.222-50	COMBATTING TRAFFICKING IN PERSONS	AUG 2007
52.223-3	HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA	JAN 1997
52.223-4	POLLUTION PREVENTION AND RIGHT-TO-KNOW INFORMATION	AUG 2003
52.223-6	DRUG-FREE WORKPLACE	MAY 2001
52.223-10	WASTE REDUCTION PROGRAM	AUG 2000
52.223-11	OZONE-DEPLETING SUBSTANCES	MAY 2001
52.223-13 2003	CERTIFICATION OF TOXIC CHEMICAL RELEASE REPORTING	AUG
52.223-14	TOXIC CHEMICAL RELEASE REPORTING	AUG 2003
52.224-1	PRIVACY ACT NOTIFICATION	APR 1984
52.224-2	PRIVACY ACT	APR 1984
52.225-13	RESTRICTION ON CERTAIN FOREIGN PURCHASES	JUL 2000
52.226-1	UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN- OWNED ECONOMIC ENTERPRISES	JUN 2000
52.227-1	AUTHORIZATION AND CONSENT	JUL 1995
52.227-2	NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT	AUG 1996
52.227-3	PATENT INDEMNITY	APR 1984
52.227-10	FILING OF PATENT APPLICATIONS - CLASSIFIED SUBJECT MATTER	APR 1984
52.227-11	PATENT RIGHTS – RETENTION BY THE CONTRACTOR	DEC 2007
52.227-14	RIGHTS IN DATA – GENERAL ALT I, ALT II, ALT III	DEC 2007
52.227-16	ADDITIONAL DATA RIGHTS	JUN 1987

***Section I
Contract Clauses***

52.228-7	INSURANCE - LIABILITY TO THIRD PERSONS.	MAR 1996
52.229-3	FEDERAL, STATE, AND LOCAL TAXES.	JAN 1991
52.232-1	PAYMENTS	APR 1984
52.232-8	DISCOUNTS FOR PROMPT PAYMENT.	MAY 1997
52.232-9	LIMITATION ON WITHHOLDING OF PAYMENTS.	APR 1984
52.232-11	EXTRAS	APR 1984
52.232-17	INTEREST.	JUN 1996
52.232-18	AVAILABILITY OF FUNDS.	APR 1984
52.232-20	LIMITATION OF COST	APR 1984
52.232-22	LIMITATION OF FUNDS.	APR 1984
52.232-23	ASSIGNMENT OF CLAIMS.	JAN 1986
52.232-33	PAYMENT BY ELECTRONICS FUNDS TRANSFER CENTRAL CONTRACTOR REGISTRATION.	MAY 1999
52.233-1	DISPUTES.	JUL 2002
52.333-2	SERVICE OF PROTEST	
52.233-3	PROTEST AFTER AWARD (ALTERNATE I)	AUG 1996
52.233-4	APPLICABLE LAW FOR BREACH OF CONTRACT CLAIM	OCT 2004
52.237-2	PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT, AND VEGETATION.	APR 1984
52.237-8	RESTRICTION ON SEVERANCE PAYMENTS TO FOREIGN NATIONALS.	OCT 1995
52.239-1	PRIVACY OR SECURITY SAFEGUARDS	AUG 1996
52.242-1	NOTICE OF INTENT TO DISALLOW COSTS	APR 1984
52.242-4	CERTIFICATION OF FINAL INDIRECT COSTS	JAN 1997
52.242-3	PENALTIES OF UNALLOWABLE COSTS	MAY 2001
52.242-13	BANKRUPTCY	JULY 1995
52.243-2	CHANGES –COST REIMBURSEMENT	AUG 1987 ALT V
52.243-7	NOTIFICATION OF CHANGES	APR 1987
52.244-2	SUBCONTRACTS. AUG 1998 -- ALTERNATE I	AUG 1998
52.244-5	COMPETITION IN SUBCONTRACTING.	DEC 1996
52.244-6	SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS.	OCT 1998
52.245-1	GOVERNMENT PROPERTY (COST REIMBURSEMENT	JUN 2007
52.245-9	USE AND CHARGES	JUN 2007
52.249-6	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (COST REIMBURSABLE)	SEP 1996
52.249-14	EXCUSABLE DELAYS	APR 1984
52.251-1	GOVERNMENT SUPPLY SOURCES.	APR 1984
52.253-1	COMPUTER GENERATED FORMS.	JAN 1991

Section I
Contract Clauses

I.2

CONTRACTOR EMPLOYEE ACCESS
(HSAR 3052.204-71) (JUN 2006)

- (a) Sensitive Information, as used in this Chapter, means any information, the loss, misuse, disclosure, or unauthorized access to or modification of which could adversely affect the national or homeland security interest, or the conduct of Federal programs, or the privacy to which individuals are entitled under Section 552a of title 5, United States Code (the Privacy Act), but which has not been specifically authorized under criteria established by an Executive Order or an Act of Congress to be kept secret in the interest of national defense, homeland security or foreign policy. This definition includes the following categories of information:
- (1) Protected Critical Infrastructure Information(PCII) as set out in the Critical Infrastructure Information Act of 2002 (Title II, Subtitle B, of the Homeland Security Act, Public Law 107-296, 196 Stat. 2135), as amended, the implementing regulations thereto (Title 6, Code of Federal Regulations, Part 29) as amended, the applicable PCII Procedures Manual, as amended, and any supplementary guidance officially communicated by an authorized official of the Department of Homeland Security (including the PCII Program Manager or his/her designee);
 - (2) Sensitive Security Information (SSI), as defined in Title 49, Code of Federal Regulations, Part 1520, as amended, "Policies and Procedures of Safeguarding and Control of SSI," as amended, and any supplementary guidance officially communicated by an authorized official of the Department of Homeland Security (including the Assistant Secretary for the Transportation Security Administration or his/her designee);
 - (3) Information designated as "For Official Use Only," which is unclassified information of a sensitive nature and the unauthorized disclosure of which could adversely impact a person's privacy or welfare, the conduct of Federal programs, or other programs or operations essential to the national or homeland security interest; and
 - (4) Any information that is designated "sensitive" or subject to other controls, safeguards or Protection in accordance with subsequently adopted homeland security information handling procedures.
- (b) "Information Technology Resources" includes, but are not limited to, computer equipment, networking, telecommunications equipment, cabling, network drives, computer drives, network software, computer software, software programs, intranet sites, and internet sites.
- (c) Contractor employees working on a Contract must complete such forms as may be necessary for security or other reasons, including the conduct of background investigations to determine suitability. Completed forms shall be submitted as directed by the Contracting Officer under the Contract. Upon the Contracting Officer's request, the Contractor's employees shall be fingerprinted, or subject to

Section I
Contract Clauses

other investigations as required. All Contractor employees requiring recurring access to Government facilities or access to sensitive information or IT resources are required to have a favorably adjudicated background investigation prior to commencing work on the contract unless the requirement is waived under Departmental procedures.

- (d) The Contracting Officer may require the Contractor to prohibit individuals from working on the Contract if the Government deems their initial or continued employment contrary to the public interest for any reason, including, but not limited to, carelessness, insubordination, incompetence, or security concerns.
- (e) Work under the Contract may involve access to sensitive information. Therefore, the Contractor shall not disclose, orally or in writing, any sensitive information to any person unless authorized access to sensitive information, the Contractor shall ensure that these persons receive training concerning the protection and disclosure of sensitive information both during and after Contract performance.
- (f) The Contractor shall include the substance of this clause in all subcontracts at any tier where the subcontractor may have access to Government facilities, sensitive information, or resources.

Alternate I
(JUNE 2006)

- (g) Before receiving access to IT resources under the contract, the individual must receive a security briefing, which the Contracting Officer's Technical Representative (COTR) will arrange, and complete any nondisclosure agreement furnished by DHS.
- (h) The Contractor shall have access only to those areas of DHS information technology resources explicitly stated in the Contract or approved by the COTR in writing as necessary for performance of the work under the Contract. Any attempts by Contractor personnel to gain access to any information technology resources not expressly authorized by the Statement of Work, other terms and conditions in the contract or as approved in writing by the COTR, is strictly prohibited. In the event of violation of this provision, DHS will take appropriate actions with regard to the Contract and the individual(s) involved.
- (i) Contractor access to DHS networks from a remote location is temporary privilege for mutual convenience while the Contractor performs business for the DHS Component. It is not a right, a guarantee of access, a condition of the contract, or Government Furnished Equipment (GFE).
- (j) Contractor access will be terminated for unauthorized use. The Contractor agrees to hold and save DHS harmless from any unauthorized use and agrees not to request additional time or money under the Contract for any delays resulting from unauthorized use or access.
- (k) Non-U.S. citizens shall not be authorized to access or assist in the development, operation, management or maintenance of Department IT systems under the contract, unless a waiver has been granted by the Head of the Component or designee,

Section I
Contract Clauses

- (l) with the concurrence of both the Department's Chief Security Officer (CSO) and the Chief Information Officer (CIO) or their designees. Within DHS Headquarters, the waiver may be granted only with the approval of both the CSO and the CIO or their designees. In order for a waiver to be granted:
- (1) The individual must be a legal permanent resident of the U.S. or a citizen of Ireland, Israel, the Republic of the Philippines, or any nation on the Allied Nations List maintained by the Department of State;
 - (2) There must be a compelling reason for using this individual as opposed to a U.S. citizen; and
 - (3) The waiver must be in the best interest of the Government.
- (m) Contractors shall identify in their proposals the names and citizenship of all non-U.S. citizens proposed to work under the Contract. Any additions or deletions of non-U.S. citizens after Contract award shall also be reported to the Contracting Officer.

ALTERNATE II
(JUNE 2006)

- (n) Each individual employee working under the Contract shall be a citizen of the United States of America, or an alien who has been lawfully admitted for permanent residence as evidence by a permanent Resident Card (USCIS I-551). Any exceptions must be approved by the Department's Chief Security Officer or designee.
- (o) Contractor's shall identify prior to commencement of performance, the names and citizenship of all non-U.S. citizens proposed to work under the Contract. Any additions or deletions of non-U.S. citizens after Contract award shall also be reported to the Contracting Officer.

I.3 DISSEMINATION OF CONTRACT INFORMATION

(HSAR 3052.242-71) (DEC 2003)

The Contractor shall not publish, permit to be published, or distribute for public consumption, any information, oral or written, concerning the results or conclusions made pursuant to the performance of this contract, without the prior written consent of the Contracting Officer. An electronic or printed copy of any material proposed to be published or distributed shall be submitted to the Contracting Officer.

(End of clause)

Section I
Contract Clauses

I.4 PROHIBITION ON CONTRACTS WITH CORPORATE EXPATRIATES

(HSAR 3052.209-70) (JUN 2006)

(a) Prohibitions.

Section 835 of the Homeland Security Act, 6 U.S.C. 395, prohibits the Department of Homeland Security from entering into any contract with a foreign incorporated entity which is treated as an inverted domestic corporation as defined in this clause, or with any subsidiary of such an entity. The Secretary shall waive the prohibition with respect to any specific contract if the Secretary determines that the waiver is required in the interest of national security.

(b) Definitions. As used in this clause:

Expanded Affiliated Group means an affiliated group as defined in section 1504(a) of the Internal Revenue Code of 1986 (without regard to section 1504(b) of such Code), except that section 1504 of such Code shall be applied by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears.

Foreign Incorporated Entity means any entity which is, or but for subsection (b) of section 835 of the Homeland Security Act, 6 U.S.C. 395, would be, treated as a foreign corporation for purposes of the Internal Revenue Code of 1986.

Inverted Domestic Corporation. A foreign incorporated entity shall be treated as an inverted domestic corporation if, pursuant to a plan (or a series of related transactions)—

(1) The entity completes the direct or indirect acquisition of substantially all of the properties held directly or indirectly by a domestic corporation or substantially all of the properties constituting a trade or business of a domestic partnership;

(2) After the acquisition at least 80 percent of the stock (by vote or value) of the entity is held—

(i) In the case of an acquisition with respect to a domestic corporation, by former shareholders of the domestic corporation by reason of holding stock in the domestic corporation; or

(ii) In the case of an acquisition with respect to a domestic partnership, by former partners of the domestic partnership by reason of holding a capital or profits interest in the domestic partnership; and

Section I
Contract Clauses

(3) The expanded affiliated group which after the acquisition includes the entity does not have substantial business activities in the foreign country in which or under the law of which the entity is created or organized when compared to the total business activities of such expanded affiliated group.

Person, domestic, and foreign have the meanings given such terms by paragraphs (1), (4), and (5) of section 7701(a) of the Internal Revenue Code of 1986, respectively.

(c) Special rules. The following definitions and special rules shall apply when determining whether a foreign incorporated entity should be treated as an inverted domestic corporation.

(1) *Certain Stock Disregarded.* For the purpose of treating a foreign incorporated entity as an inverted domestic corporation these shall not be taken into account in determining ownership:

(i) Stock held by members of the expanded affiliated group which includes the foreign incorporated entity; or

(ii) stock of such entity which is sold in a public offering related to the acquisition described in subsection (b)(1) of Section 835 of the Homeland Security Act, 6 U.S.C. 395(b)(1).

(2) *Plan Deemed In Certain Cases.* If a foreign incorporated entity acquires directly or indirectly substantially all of the properties of a domestic corporation or partnership during the 4-year period beginning on the date which is 2 years before the ownership requirements of subsection (b)(2) are met, such actions shall be treated as pursuant to a plan.

(3) *Certain Transfers Disregarded.* The transfer of properties or liabilities (including by contribution or distribution) shall be disregarded if such transfers are part of a plan a principal purpose of which is to avoid the purposes of this section.

(d) *Special Rule for Related Partnerships.* For purposes of applying section 835(b) of the Homeland Security Act, 6 U.S.C. 395(b) to the acquisition of a domestic partnership, except as provided in regulations, all domestic partnerships which are under common control (within the meaning of section 482 of the Internal Revenue Code of 1986) shall be treated as a partnership.

(e) Treatment of Certain Rights.

(1) Certain rights shall be treated as stocks to the extent necessary to reflect the present value of all equitable interests incident to the transaction, as follows:

Section I
Contract Clauses

- (i) warrants;
- (ii) options;
- (iii) contracts to acquire stock;
- (iv) convertible debt instruments; and
- (v) others similar interests.

(2) Rights labeled as stocks shall not be treated as stocks whenever it is deemed appropriate to do so to reflect the present value of the transaction or to disregard transactions whose recognition would defeat the purpose of Section 835.

(f) Disclosure. The offeror under this solicitation represents that [Check one]: ___ it is not a foreign incorporated entity that should be treated as an inverted domestic corporation pursuant to the criteria of (HSAR) 48 CFR 3009.104-70 through 3009.104-73;

___ it is a foreign incorporated entity that should be treated as an inverted domestic corporation pursuant to the criteria of (HSAR) 48 CFR 3009.104-70 through 3009.104-73, but it has submitted a request for waiver pursuant to 3009.104-74, which has not been denied; or

___ it is a foreign incorporated entity that should be treated as an inverted domestic corporation pursuant to the criteria of (HSAR) 48 CFR 3009.104-70 through 3009.104-73, but it plans to submit a request for waiver pursuant to 3009.104-74.

(g) A copy of the approved waiver, if a waiver has already been granted, or the waiver request, if a waiver has been applied for, shall be attached to the bid or proposal.

(End of provision)

End of Clause

Section I
Contract Clauses

Implementing Instructions for Compliance with HSAR Clause 3052.204-71, “Contractor Employee Access.

1. General.

Department of Homeland Security Acquisition Regulation (HSAR) Clause 3052.204-71 requires that Contractor personnel requiring unescorted access to Government facilities, access to sensitive information, or access to Government information technology (IT) resources are required to have a favorably adjudicated background investigation prior to commencing work on this contract.

Department of Homeland Security (DHS) policy requires a favorably adjudicated background investigation prior to commencing work on this contract for all Contractor personnel who require recurring access to Government facilities or access to sensitive information, or access to Government IT resources.

Contractor employees will be given a suitability determination unless this requirement is waived under departmental procedures. Requirements for suitability determination are defined in paragraph 3.0.

1.1 Additional Information for Classified Contracts.

Performance of this contract requires the Contractor to gain access to classified National Security Information (includes documents and material). Classified information is Government information which requires protection in accordance with Executive Order 12958, National Security Information (NSI) as amended and supplemental directives.

If a DD Form 254 is generated under this contract, the Contractor shall abide by the requirements set forth in the DD Form 254, Contract Security Classification Specification (an attachment to the contract) and the National Industrial Security Program Operating Manual (NISPOM) for protection of classified information at its cleared facility, if applicable, as directed by the Defense Security Service. If the Contractor is required to have access to classified information at a DHS or other Government facility, it shall abide by the requirements set forth by the agency.

1.2 General Requirements.

The Contractor shall ensure these instructions are expressly incorporated into any and all subcontracts or subordinate agreements issued in support of this contract.

Section I
Contract Clauses

2. Contractor Personnel.

2.1 Employment Eligibility.

To comply with the requirements of HSAR Clause 3052.204-71, and department policy, the Contractor must complete the following forms for applicable personnel who will be performing work under this contract as indicated:

- Standard Form (SF) 85P, “Questionnaire for Public Trust Positions”
- FD-258 fingerprint cards
- DHS Form 11000-6, “Conditional Access to Sensitive But Unclassified Information Non-Disclosure Agreement.” (required of all applicable Contractor personnel)
- DHS Form 11000-9, “Disclosure and Authorization Pertaining to Consumer Reports Pursuant to the Fair Credit Reporting Act (FCRA)”

2.2 Continued Eligibility.

The contracting officer (CO) may require the Contractor to prohibit individuals from working on contracts if the Government deems their initial or continued employment contrary to the public interest for any reason, including, but not limited to, carelessness, insubordination, incompetence, or security concerns.

2.3 Termination.

The DHS Security Office shall be notified of all terminations/resignations within five (5) days of occurrence. The Contractor shall return to the contracting officer technical representative (COTR) all DHS issued identification cards and building passes that have either expired or have been collected from terminated employees. If an identification card or building pass is not available to be returned, a report shall be submitted to the COTR, referencing the pass or card number, name of individual to who it was issued and the last known location and disposition of the pass or card.

3.0 Suitability Determination.

DHS may, as it deems appropriate, authorize and grant a favorable entry on duty (EOD) decision based on preliminary suitability checks. The favorable EOD decision would allow the employees to commence work temporarily prior to the completion of the full investigation. The granting of a favorable EOD decision shall not be considered as assurance that a full employment suitability authorization will follow. A favorable EOD decision or a full employment suitability determination shall in no way prevent, preclude, or bar DHS from withdrawing or terminating access Government facilities or information, at any time during the term of the contract. No employee of the Contractor shall be allowed unescorted access to a

Section I
Contract Clauses

Government facility without a favorable EOD decision or suitability determination by the Security Office.

Contract employees waiting for an EOD decision may begin work on the contract provided they do not access sensitive Government information. Limited access to Government buildings is allowable prior to the EOD decision if the Contractor is escorted by a Government employee. This limited access is to allow Contractors to attend briefings, non-recurring meetings and begin transition work.

4.0 Background Investigations.

Contract employees (to include applicants, temporaries, part-time and replacement employees) under the contract, requiring access to sensitive information, shall undergo a position sensitivity analysis based on the duties each individual will perform on the contract. The results of the position sensitivity analysis shall identify the appropriate background investigation to be conducted. All background investigations will be processed through the DHS Security Office. Prospective Contractor employees shall submit the following completed forms to the DHS Security Office. The Standard Form 85P will be completed electronically, through the Office of Personnel Management's e-QIP SYSTEM. The completed forms must be given to the DHS Security Office no less than thirty (30) days before the start date of the contract or thirty (30) days prior to entry on duty of any employees, whether a replacement, addition, subcontractor employee, or vendor:

- a. Standard Form 85P, "Questionnaire for Public Trust Positions"
- b. FD Form 258, "Fingerprint Card" (2 copies)
- c. DHS Form 11000-6 "Conditional Access To Sensitive But Unclassified Information Non-Disclosure Agreement"
- d. DHS Form 11000-9, "Disclosure and Authorization Pertaining to Consumer Reports Pursuant to the Fair Credit Reporting Act"

Only complete packages will be accepted by the DHS Security Office. Specific instructions on submission of packages will be provided upon award of the contract.

Be advised that unless an applicant requiring access to sensitive information has resided in the US for three of the past five years, the Government may not be able to complete a satisfactory background investigation.

Section I
Contract Clauses

Non-U.S. citizens shall not be authorized to access or assist in the development, operation, management or maintenance of department IT systems under the contract, unless a waiver has been granted by the Head of the Component or designee, with the concurrence of both the department's Chief Security Officer (CSO) and the Chief Information Officer (CIO) or their designees. Within DHS Headquarters, the waiver may be granted only with the approval of both the CSO and the CIO, or their designees. In order for a waiver to be granted:

- (1) The individual must be a legal permanent resident of the U. S. or a citizen of Ireland, Israel, the Republic of the Philippines, or any nation on the Allied Nations List maintained by the Department of State;
- (2) There must be a compelling reason for using this individual as opposed to a U. S. citizen; and
- (3) The waiver must be in the best interest of the Government.

4.1 Alternative Citizenship Requirements for Non-IT Contracts.

For non-classified or non-IT contracts, the above citizenship provision shall be replaced with the citizenship provision below:

Each individual employed under the contract shall be a citizen of the United States of America, or an alien who has been lawfully admitted for permanent residence as evidenced by a Permanent Resident Card (USCIS I-55 1). Any exceptions must be approved by the department's Chief Security Officer or designee.

5.0 Information Technology Security Clearance.

When sensitive Government information is processed on department telecommunications and automated information systems, the Contractor shall provide for the administrative control of sensitive data being processed. Contractor personnel must have favorably adjudicated background investigations commensurate with the defined sensitivity level.

Contractors who fail to comply with department security policy are subject to having their access to department IT systems and facilities terminated, whether or not the failure results in criminal prosecution. Any person who improperly discloses sensitive information is subject to criminal and civil penalties and sanctions under a variety of laws (e.g., Privacy Act).

Contractor access will be terminated for unauthorized use. The Contractor agrees to hold and save DHS harmless from any unauthorized use and agrees not to request additional time or money under the contract for any delays resulting from unauthorized use or access.

Section I
Contract Clauses

6.0 Information Technology Security Training and Oversight.

Before receiving access to IT resources under this Contract the individual must receive a security briefing, which the COTR will arrange, and complete any nondisclosure agreement furnished by DHS.

SECTION J
LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

Attachment	Title/Subject	Pages
J.1	FUTURE ATTRIBUTE SCREENING TECHNOLOGIES (FAST) REMOTE SENSING OF HUMAN CHARACTERISTICS AT LONG RANGE	6

Statement of Work for *Future Attribute Screening Technologies*

Remote Sensing of Human Characteristics at Long Range

**Directorate of Science and Technology
U.S. Department of Homeland Security
*Director of Innovation***

I. Background

In September 2007, the performer was awarded the Future Attribute Screening Technologies (FAST) Task Order to develop a prototype human characteristics sensor under contract number HSHQDC-06-D-00037, by the Department of Homeland Security.

The program addresses the development and evaluation of individual sensor technologies, the fusion of multiple sensors, and examination of new sensor technologies. The standards component of this program will collect data to support technical and mission related evaluations and experiments; establish test and evaluation protocols and characterize environments to validate solutions for operational elements; and support the technical rationale for policies and privacy issues associated with these applications.

This project addresses the requirement for cardiovascular signals, breathing and (b) (2) at long range against a moving subject.

II. Scope of Work

The performer shall develop a three dimensional imaging and identification system that will be capable of automated stand-off identification of subjects that is fast, accurate and reliable.

In every aspect of this work, the program must provide for adequate protection of individual privacy while ensuring sufficient information is collected to allow for malintent determination. DHS S&T will achieve these goals through research and development to support the advancement of sensor methodology, standards development, validated technical requirements, and documented performance for users.

Tasks

- **Delivery of REV 0.6 (Task 1)**
 - In order to facilitate sensor advancements while maintaining uninterrupted test protocol configurations, the performer shall deliver BioLIDAR Revision 0.6. This revision must include (but not limited to) the following:
 - (b) (4)
 - (b) (4)
 - Pan/Tilt
 - DSC G3 Receiver
 - CPU Workstation
 - External Trigger INPUT
 - Power Unit
- **Transportable Rack System – Delivery of REV 1.0 (Task 2)**
 - The performer shall install a major software architecture upgrade to the BioLIDAR system. This will streamline data flow and create a more robust software solution, while enhancing overall system stability. This must include development of an API which shall allow developers/users to create custom applications around BioLIDAR sensor data.
 - The performer shall enhance the BioLIDAR's signal processing algorithms in order to improve cardiac and respiration signal quality and also allow for increased subject motion tolerance during measurement. Methods to provide optimal respiration and cardiac signals through the use of (b) (4) and (b) (4) must be provided. Both the (b) (4) (b) (4) monitored signals and the (b) (4) estimated heartbeat and breathing signals shall be provided as system outputs.
 - The performer shall implement automatic procedures to establish initial beam placement, refine beam location to optimize signal quality and maintain lock-on position without operator interaction.
 - Upgrade BioLIDAR REV 0.6 to BioLIDAR REV 2.0 in an EDM Hardware Suite. This portion of the task must allow DHS to continue using BioLIDAR REV 2.0 in protocol testing, and upgrade BioLIDAR REV 0.6 to REV 2.0 in the engineering path.
 -
- **System Upgrade to REV 2.0 (Tasks 3, 5)**
 - The performer shall provide a mechanical and optical upgrade of BioLIDAR REV 0.6 to BioLIDAR REV 2.0. The upgrade must provide improved system shock and vibration tolerance, thermal performance, enhanced beam positioning capability and allow for better close range optical performance. The performer shall coordinate the upgrades with DHS so as to minimize impact on continued system test, evaluation and demonstration. This revision must include (but not limited to) the following:
 - Re-designed Opto-Mechanical System
 - Greater stability with reduced calibration requirements.

- Gimbaled exit mirror to replace the pan/tilt unit.
 - (b) (4) to allow full-range operation.
 - Increased mechanical and thermal stability.
 - Improved imaging and tracking performance.
 - Lower power requirements
- **FY09 FAST BioLIDAR Support Task (Task 4)**
 - The performer shall provide on-site and telephonic technical support for the above three phases as well as unplanned on-site and remote technical support/troubleshooting to include operator and technical support for demonstrations as determined by DHS.

Option Tasks

- **Suppression of (b) (2) Related Influences on Remote Signal Collection (Task 6)**
 - The performer shall investigate modification of the BioLIDAR prototype sensing control and processing algorithms to significantly reduce (b) (2) related artifacts.
(b) (4)
- **Automatic Lock-On (LO) Monitoring of Mobile Subjects (Task 7)**
 - The performer shall upgrade existing algorithms that track mobile subjects to utilize both (b) (2) and, when appropriate, (b) (4). These improvements will enable the BioLIDAR to hold the monitoring beam position on a desired monitoring point with increased precision and robustness. This improved 3D Lock-On positioning will directly increase subject motion tolerance during monitoring.
 - The performer shall enhance automatic procedures to establish initial beam placement, refine beam location to optimize signal quality and maintain lock-on position without operator interaction.
- **3D Registration to Enhance Operation with Image-Based Sensing (Task 8)**
 - The performer shall implement the capability to register the 3D coordinate systems of the BioLIDAR with third-party sensors within a security screening environment. Under this task, the performer shall collaborate with other sensor contractors, as designated by DHS, to provide 3D registration of their image sensor output.
 - The performer shall enable the BioLIDAR to stream precision range information over a network and allow other sensors to take advantage of crucial range-to-

subject information. This will allow certain ‘focus-constrained’ cameras to precisely focus to the correct range or “subject motion predicted range”.

- The performer shall work with sensor integrators under DHS direction develop and optimize the format of this information that the BioLIDAR provides.
- **Micro-Facial Muscle Movement Detection (Task 9)**
 - The performer shall install micro-facial muscle movement detection algorithms on one of the BioLIDAR systems.
 - The performer shall take advantage of the BioLIDAR’s rapidly scanning (b) (4) to facilitate sensing of additional malintent information during screening to aid further, detailed screening. Key areas on the subject face will be monitored for such activity and used as another indicator in primary screening, or used to enhance secondary screening.
 - The performer work with the government to define regions of interest.
- **Upgrade Multiple BioLIDAR systems to allow for subject reacquisition and continuity verification (Task 10)**
 - In a multi-system environment such as the planned security screening modules, there is a need to monitor subjects at multiple locations, with multiple sensors and to then correlate these multiple readings. In order to accomplish this, the sensor suite will need to match the data from subject “A” taken at location 1 with data taken from subject “A” at locations 2, 3, etc. Subjects within the field of view will be scanned and their 3D facial features will be correlated to subjects scanned at other locations and to subjects scanned earlier at the same location. This capability will allow for obtaining a baseline reading of physiological readings at one location and then comparing these readings to physiological readings at another location in response to appropriate stimulus.
 - The performer shall upgrade the two delivered DHS BioLIDAR systems to use 3D face scans for subject reacquisition, verification and data correlation. The BioLIDARs will locate and track subjects as they enter each security screening area. The systems will be capable of precisely scanning subjects that are walking and/or engaged in normal motions within the security screening environment.
 - The performer shall test subject acquisition and re-acquisition in order to determine performance of 3D matching.

NOTE: The Option Task are within the scope of the Contract.
See Section B,

III. Other Information

1. **Travel.** Travel may be necessary to meet and coordinate interagency exchanges of information on this task. It is anticipated that travel will be limited to the Washington D.C. Metropolitan Area and within the continental United States. Travel requests submitted to the COTR for approval must include the following: the name of the traveler(s), purpose of trip, destination(s), and number of travel days, estimated air fare, estimated per diem, estimated car rental, and other associated travel costs. All travel and other direct costs associated with the execution of the tasks indicated in this SOW will be reimbursed in accordance with the limits set forth in the Federal Travel Regulations, provided the performer provides appropriate supporting documentation. Local travel will not be reimbursed. Local travel costs include but are not limited to the following: travel at Government installations where Government transportation is available; travel performed for persona convenience/errands, including commuting to and from work; and travel costs incurred in the replacement of personnel when such replacement is accomplished for the Contractor's convenience.

2. DHS-Furnished Information.

- a. DHS will provide DHS information, materials, and forms unique to DHS to the performer to support tasks under this SOW. Such DHS-provided information, materials, and forms shall remain the property of DHS, unless otherwise indicated in writing by DHS, and may not be distributed beyond the performer's project performers without DHS's prior written permission.
- b. The DHS Task Sponsor identified in this SOW will be the point of contact for identification of any required information to be supplied by DHS.
- c. The performer shall prepare all documentation (e.g., report deliverables or monthly status reports) according to the guidelines provided by DHS.

3.DHS-Furnished Facilities, Supplies, and Services. If work at DHS-provided facilities is necessary for the services being performed under this SOW, such facilities will be provided at S&T's office in Washington, D.C. Parking facilities are not provided, however several commercial parking facilities are located near S&T's office. Basic facilities such as work space and associated operating requirements (e.g., phones, desks, utilities, desktop computers, and consumable and general purpose office supplies) will be provided to performer personnel working in S&T's office.

2. **Place of Performance.** The performer shall execute the work under this SOW at the performer's facilities. The performer may conduct certain work under this SOW at other federal government or contractor facilities as agreed to by S&T.

3. **Deliverables.** The performer shall provide all deliverables (including point papers, white papers, briefings, presentations, background studies and interim reports) identified in this

SOW directly to the DHS S&T Technical Representative with a copy of the transmittal letter to the Contracting Officer.

Deliverable	Due Date
Task 1	28 Feb 09
Task 2	30 Mar 09
Task 3	15 Jul 09
Task 4	2 Feb 09 through 1 Feb 10
Task 5	Nov 09
Monthly Progress Reports	15 th of each month
Tasks 6, 7, 8, 9, and 10	Delivery dates will be mutually agreed to if and when an Option for a Task is exercised.

4. Program Status Report. The performer shall deliver a monthly program status report to the DHS S&T Technical Representative and DHS S&T Resource Manager containing metrics pertaining to financial, schedule, and scope information, risk information, and performance assessment information of all work performed hereunder by the 15th of each month delivered in softcopy. Monthly technical reports may be provided in briefing format at the performer's location at the discretion of the DHS Technical Representative.

5. Security Requirements.

- a. All work performed under this SOW is unclassified unless otherwise specified by DHS. All unclassified "Official Use Only" work is expected to occur at the "medium" level per the NIST 800-60 (FIPS Security Categorization) and the Federal Information Security Management Act (FISMA). Any work at the "high" For Official Use Only level per the FISMA, or any work at the classified level, shall be performed on a stand-alone computer system accredited in accordance with the FISMA and applicable DHS and other Federal Agency policies, as appropriate.
- b. When classified work is required under this SOW, DHS will provide specific guidance to the performer as to which work will be conducted in a classified manner and at which classification level. If such DHS-guidance conflicts with applicable other agency guidelines, the performer shall adhere to the more stringent applicable directives. The performer shall also adhere to other applicable Government orders, guides, and directives pertaining to classified or confidential work. The highest classification of sponsor-provided data and performer team deliverables required by this SOW shall be Secret. Additional security considerations will be addressed in applicable Program Plans and Policy Guidelines.