

DEPARTMENT, AGENCY, ETC.

U. S. Atomic Energy Commission, Santa Fe Operations Office

DESCRIPTION OF WORK:

Minor construction to existing plant consistency of alterations to existing facilities or structures as required. Incidental construction within plant.

LOCALITY OR OTHER IDENTIFICATION: In Denver - Boulder area. Rates obtained from Denver Building Trades Council which will help staff job,

Colorado

Jefferson

DECISION NO. 0-13,911
 LAW CODE DB
 DATE OF DECISION 5-31-55
 EXPIRES 8-30-55
 ORDER FOR DECISION NO.

10-Col.
1-z
2-z

	<u>Per Hour</u>		<u>Per Hour</u>
Asbestos workers	\$3.00	Laborers: (heavy and highway)	
" " Improvers:		Power operated tools such as	
1st year	2.10	jackhammer, barco hammer,	
2nd year	2.25	paving breakers, spader,	
3rd year	2.40	electric hammer and drill,	
4th year	2.55	air tamper, vibrator, mason	
Millersmakers	3.00	tender, form setter on streets	
" " helpers	2.75	and runways, wagon drill	
Ticklayers	3.50	operator and self-propelled	
Carpenters	2.85	concrete buggies	\$2.225
Cement masons (building construction)	2.85	Pipe layer, over 6" pipe	2.225
Cement masons		Laborer on caisson, over 12' and	
" " working with		on cofferdam; sand blaster	
		scaler	2.225

EXPIRES 8-30-55
 DECISION NO.

OFFICE DESCRIPTION In Denver - Boulder area. Rates obtained from Building Trades Council which will help Staff job, COLORADO COUNTY Jefferson

10-Col.
 1-z
 2-z

	<u>Per Hour</u>		<u>Per Hour</u>
Asbestos workers	\$3.00	Laborers: (heavy and highway)	
" " improvers:		Power operated tools such as	
1st year	2.10	jackhammer, barco hammer,	
2nd year	2.25	paving breakers, spader,	
3rd year	2.40	electric hammer and drill,	
4th year	2.55	air tamper, vibrator, mason	
oilermakers	3.00	tender, form setter on streets	
" helpers	2.75	and runways, wagon drill	
ricklayers	3.50	operator and self-propelled	
carpenters	2.85	concrete buggies	\$2.225
Cement masons (building construction)	2.85	Pipe layer, over 6" pipe	2.225
Cement masons		Laborer on caisson, over 12' and	
" " working with		on cofferdam; sand blaster	
composition	2.975	scaler	2.225
material		Laborer - caisson from 6 ft. to	
" " working on scaffold,		12 ft.	2.025
swing stage, or		Laborer working in sanitary sewer	
temporary platform		trenches, hot asphalt labor	
over 25 ft. high	3.10	(raker, box tender, etc.)	1.975
Cement masons (heavy and highway)	2.625	Chuck tender, nipper and diamond	
Electricians	3.00	drill helper	1.925
Mainlayer	2.15	Gunniting nozzleman	2.30
" over 8"	2.40	Powderman:	
Elevator constructors	3.16	Common blaster	2.225
" " helpers	2.21	Licensed technical powderman	2.475
Blazier	2.50	All other labor	1.875
Insulation mechanics	2.20	Lathers	3.375
Ironworkers:		Marble setters	3.20
Structural	2.85	Millwright	2.85
Ornamental	2.85	Painters:	
Reinforcing	2.85	Brush	2.60
Laborers: (building construction)		Spray (subject to the practice	
Mason tender, brick tender,		prevailing in the area)	2.925
plasterer tender and cement		Swing stage	2.925
mason tender	2.275	Sand blaster	2.925
Power operated tool such as		Pipe fitters	3.05
jackhammer, barco hammer,		Plasterers	3.30
tamper, vibrator, pavement		Plumbers	3.05
breaker, spader, hammer and		Power equipment operators:	
drill, sander and self-		(building construction)	
propelled concrete buggy	2.225	Air compressor	2.61
Construction labor	1.875	Asphalt plant	2.61

SEARCHED

10-Col.

1-2

2-2

	<u>Per Hour</u>		<u>Per Hour</u>
Power equipment operators:		Power equipment operators:	
(building construction)(contd.)		(heavy and highway construction)	
Brakeman	\$2.00	(contd.)	
Bulldozer, scraper	2.61	Mixers, (1 cu. yd. and over)	\$2.78
Crushing plant, batch plant	2.61	" (less than 1 cu. yd.)	2.61
Distributor (bituminous surface)	2.61	Motor graders	2.61
Finishing machine (cement, concrete, pavement)	2.61	Pumps	2.61
Fireman, oiler and batch plant scale operator	2.00	Rollers	2.61
Industrial motorman	2.61	Scrapers	2.61
Hoist (1 drum)	2.61	Shovels, power	2.78
" (2 or more drums)	2.78	Tournapulls	2.61
Mechanic, heavy duty	2.61	Tractors, over 35 hp.	2.61
Mechanic's helper	2.00	" 35 hp. or less	2.00
Mixer (1 cu. yd. or over)	2.78	Trenching machine	2.61
" (less than 1 cu. yd.)	2.61	Roofers	2.95
Motor grader	2.61	Sheet metal workers	2.95
Pump	2.61	Soft floor layers (linoleum)	2.57
Roller	2.61	Sprinkler fitters	2.90
Tournapull	2.61	Stone masons	3.50
Shovel, crane, derrick dragline	2.78	Terrazzo workers	3.20
Tractor, over 35 hp.	2.61	Tile setters	3.20
" 35 hp. or less	2.00	Tile, marble and terrazzo helpers	2.15
Trenching machine	2.61	Truck drivers: (building construction)	
Drill operator	2.61	Pick-up truck	1.90
Power equipment operators: (heavy and highway construction)		Dump truck, under 6 yds. hauled	2.00
Air compressors	2.61	" " 6 yds. to 13 yds. hauled	2.10
Asphalt plants	2.61	" " 13 to 20 yds. hauled	2.20
Batch plants	2.61	" " over 20 yds. hauled	2.30
Blade graders	2.61	Flat rack	2.00
Bulldozers	2.61	Semi-flat rack truck and high-boy	2.10
Cranes, derricks, draglines	2.61	Koehring dumper	2.10
Crushing plants	2.61	Lumber carrier	2.10
Distributor (bituminous surfaces)	2.61	Concrete mixer truck to 5 yds.	2.10
Finishing machines (cement, concrete, pavement)	2.61	" " " 5 yds. and over	2.20
Fireman, oilers and batch plant scale operators	2.00	Lowboy	2.20
Hoists, 1 drum	2.61	Euclid and similar equipment in tandem	2.40
" 2 or more drums	2.78	Winch pole and "A" frame truck	2.35
Mechanics, heavy duty	2.61	Water truck	2.00
Mechanic's helper	2.00	Wet water truck	

10-Colorado

1-1

2-2

Per Hour

Truck drivers: (building construction)(contd)	
Warehouseman (greaser, tire and service man)	\$2.00
Truck mechanic helper	1.90
Material checker	2.05
Dumper, spotter - scaleman (same rate as driver)	
Truck drivers: (heavy and highway construction)	
Pick-up	1.90
Dump truck - under 6 yds. hauled	2.00
" " 6 yds. to 13 yds. hauled	2.10
" " 13 yds. to 20 yds. hauled	2.20
" " over 20 yds.	2.30
Flat rack	2.00
Semi- flat rack truck, highboy	2.10
Koehring dumptor	2.10
Lumber carrier	2.10
Concrete mixer, to 5 yds.	2.10
" " 5 yds. and over	2.20
Lowboy	2.20
Water trucks, Euclid or similar (over 5,000 gals.)	2.20
Winch pole and "A" frame truck	2.35
Euclid and similar equipment in tandem	2.40
Water truck	2.00
Semi-water truck	2.10
Warehouseman (greaser, tire and service man)	2.00
Truck mechanic	2.25
" " helper	1.90
Material checker	2.05
Dumper, spotter, scaleman, etc. (same rate as driver)	

TUNNEL CONSTRUCTION

Per Hour

Laborers:	
Minimum tunnel labor	\$1.85
Concrete labor, chuck tender and nipper, and dumpmen (if used)	1.95
Miner, timberman, machine-man, vibrator man, powderman, blaster, collapsible form mover and setter	2.10
Gunniting nozzleman and pump concrete placement man sand blasters	2.30
Shifter	2.40
Power equipment operators:	
Mucking machine	2.66
Mechanics and welders	2.50
Mechanic (machine doctor)	2.50
Pumpcrete operators	2.50
Mixers, 1 cu. yd. and over	2.66
" less than 1 cu. yd.	2.50
Hoist, single drum	2.50
" two drums	2.66
Pump operator	2.50
Compressors	2.50
Drill operators	2.50
Haulage motorman	2.23
Brakemen and helpers	1.90
Jumbo form operators	2.50
<u>LINE CONSTRUCTION</u>	
Cable splicer	3.00
Linemen	2.90
Groundman	1.88
Line truck	2.53

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Apprentice Schedule
Period and Rate*

Trade	Interval	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
Bricklayers	6 mos.	30	40	50	60	75	80				
"	4th year	(\$1.00 per day less than journeymen's rate)									
Carpenters	6 mos.	35	60	65	70	75	80	85	90		
Cement masons	6 mos.	30	60	70	80	90	95				
Electricians	6 mos.	40	45	50	55	60	65	70	75		
Glaziers	6 mos.	40	45	50	60	70	80	85			
Ironworkers	6 mos.	66-2/3	72-1/2	80	90						
Lineman	6 mos.	66.2	68.3	71.7	76.9	80.3	85.2				
Painters	6 mos.	40	45	50	55	60	65	80	90		
Rope fitters	6 mos.	40	45	50	55	60	65	70	75	80	90
Plumbers	6 mos.	40	45	50	55	60	65	70	75	80	85
Roofers	year	60	70	80							
Sheet metal	6 mos.	40	45	50	55	60	65	70	80		
Soft floor layer	year	\$1.13	1.56	2.10	2.29						

The apprentice rate is by percentage of the journeymen's rate unless otherwise indicated.

UNITED STATES ATOMIC ENERGY COMMISSION
REIMBURSEMENT AUTHORIZATION

18

PAGE 1 OF 1

PROJECT: Rocky Flats Plant

LOCATION: Rocky Flats, Colorado

CONTRACTOR: The Dow Chemical Company

CONTRACT NO. Modification No. 26
 AT(29-1)-1106

DATE OF CONTRACT: January 18, 1951 - Modified July 1, 1951

The following revision or addition to the approved employment policies and wage and salary schedules of the contractor is approved for reimbursement, effective March 23, 1955

APPENDIX A, SCHEDULE 1 - Add Classifications:

E-RF 131	Director Health Physics and Medical	\$700 Min.
E-RF 132	Technical Information Officer	\$700 Min.
RF-112	Asst. Director Labor Relations	\$450 - \$800
RF-113	Superintendent of Employment, Safety and Education and Training	\$450 - \$800
RF-133	Assistant Technical Information Officer	\$500 - \$800

APPROVED BY: *[Signature]*
 Director

DATE: _____
 Manager

REC-36
 UNITED STATES ATOMIC ENERGY COMMISSION
REIMBURSEMENT AUTHORIZATION

PAGE 1 OF 1 PAGES

PROJECT: Rocky Flats Plant LOCATION: Rocky Flats, Colorado

CONTRACTOR: The Dow Chemical Company

CONTRACT NO.: AT(29-1)-1106, Modification No. 25 DATE OF CONTRACT: January 18, 1951

The following revision or addition to the approved employment policies and wage and salary schedules of the contractor is approved for reimbursement, effective as stated below.

By letters dated September 21, 1954, and October 13, 1954, the Contractor has informed the Commission that the Labor Agreement set forth in Schedule 4 has been amended. This Reimbursement Authorization is issued to make those changes in Appendix A to this Contract.

- Effective August 23, 1954, the following will be substituted for "Final Inspector IX" at a rate range of "2.51 (6) 2.61" and "Assistant Inspector VI" at a rate range of "2.23 (3) 2.33", Production "A" Section of Exhibit A to said Agreement:

<u>Classification</u>	<u>Rate Range</u>
Inspector Grade IX	2.51 (6) 2.61
Inspector Grade VIII	2.42 (6) 2.52
Inspector Grade VII	2.33 (3) 2.43
Inspector Grade VI	2.23 (3) 2.33

- Effective October 4, 1954, the following job classification and rate range is added to the Production "A" Section of Exhibit A to said Agreement:

<u>Classification</u>	<u>Rate Range</u>
Pantograph Engraver, Grade IV	1.87 (3) 1.97 (3) 2.07



APPROVED FOR THE ATOMIC ENERGY COMMISSION BY: *[Signature]* DATE: *[Blank]*
 NAME: G. H. Hoover TITLE: Manager

MEMO ROUTE SLIP

Form AEC-68 (Rev. 11-1-57)

DATE: _____ TIME: _____

TO (Name and unit)
*Off of Gen. Council
 U. S. AEC
 Washington, D. C.*

INITIALS
 DATE

REMARKS
304

TO (Name and unit)

INITIALS
 DATE

REMARKS

TO (Name and unit)

INITIALS
 DATE

REMARKS

FROM (Name and unit)
*Wta & Prod. Div.
 Supply Div.
 SFOO*

REMARKS
 The specific purpose for the issuance of this Modification is to cover reimbursement for the period of May 17, 1954, which is the effective date of the new Labor Agreement between the Dow Chemical Co. and the Denver Metal Trades Council, to July 1, 1954, which will be the effective date of Mod. No. 20. Schedule 4 will be distributed when Mod. No. 20 is distributed.

PHONE NO.

DATE

FOR THE ATOMIC ENERGY COMMISSION BY

Charles C. Campbell

NAME **Charles C. Campbell** TITLE **Acting Manager**

DATE **September 30, 1954**

Modification No. 23
Supplemental Agreement to
Contract No. AT(29-1)-1106
Dated: September 24, 1954

SUPPLEMENTAL AGREEMENT

This Supplemental Agreement, entered into and effective this 24th day of September, 1954, by and between the UNITED STATES OF AMERICA, represented by the ATOMIC ENERGY COMMISSION (hereinafter called the "Commission"), and THE DCW CHEMICAL COMPANY (hereinafter called the "Contractor"), a corporation organized and existing under the laws of the State of Delaware,

WITNESSETH THAT:

WHEREAS, on January 18, 1951, the parties hereto entered into Contract No. AT(29-1)-1106 for the operation by the Contractor of a facility for the fabrication of certain materials and for related work; and

WHEREAS, the said contract has previously been amended by Modifications Nos. 1 through 19, 21 and 22; and

WHEREAS, it is deemed desirable to amend the said contract further to extend it for a short term pending the negotiation and execution of a modification which will revise various provisions of the existing contract and extend the contract term for three (3) years, to provide for provisional fixed-fee payments during the short term extension and to obligate additional funds for performance of the contract; and

WHEREAS, the Commission certifies that this Supplemental Agreement is authorized by and executed under the Atomic Energy Acts of 1946 and 1954 in the interest of the common defense and security;

NOW THEREFORE, the parties hereto mutually agree to amend Contract No. AT (29-1)-1106 further in the following particulars but no others:

a. Article II is modified to read as follows:

"ARTICLE II - TERM OF CONTRACT

The term of this contract shall begin with the 18th day of January, 1951, and shall expire with the 31st day of October, 1954, unless sooner terminated as hereinafter provided."

b. Subparagraph (c) of Paragraph 1 of Article IV is modified to read as follows:

"(c) For the period from July 1, 1954, through October 31, 1954, a fixed-fee of Thirty-Six Thousand Five Hundred Dollars (\$36,500.00) per month payable provisionally at the end of each month, which payment shall constitute complete compensation for the Contractor's services including profit and all general home office overhead expenses for the performance of work under this contract during that period: Provided, That these provisional fee payments shall be adjusted in accordance with the provisions of the future modification which will, among other things, extend the contract term for three years."

c. The first sentence of Paragraph 3 of Article IV as modified is further modified to read as follows:

"The Commission has obligated Twenty-One Million One Hundred Thirty Thousand Nine Hundred Fifty Dollars (\$21,130,950.00) for the performance of the work hereunder

and may obligate additional funds for the performance of the work from time to time."

All other terms and conditions of this contract shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Agreement in several counterparts.

THE UNITED STATES OF AMERICA

BY: ATOMIC ENERGY COMMISSION

BY: /s/ Donald J. Leehey
Donald J. Leehey
Contracting Officer

THE DOW CHEMICAL COMPANY

BY: /s/ Mark E. Putnam

TITLE: Executive Vice President

CORPORATE CERTIFICATE

I, R. B. Bennett, certify that I am the Assistant Secretary of the corporation named as Contractor herein; that Mark E. Putnam, who signed this contract on behalf of the Contractor, was then Executive Vice President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body; and that said contract is within the scope of the said corporation's corporate powers.

S E A L

/s/ R. B. Bennett

UNITED STATES ATOMIC ENERGY COMMISSION
REIMBURSEMENT AUTHORIZATION

NO. _____
PAGE 1 OF _____

PROJECT
Rocky Flats Plant

LOCATION
Rocky Flats, Colorado

CONTRACTOR
The Dow Chemical Company

CONTRACT NO.
AT-(29-1)-1106 Modification No. 2022

DATE OF CONTRACT
January 18, 1951

The following revision or addition to the approved employment policies and wage and salary schedules of the contractor is approved for reimbursement, effective May 17, 1954

APPENDIX A, PART I, SECTION C 1. - Holiday Payments

UNITED STATES ATOMIC ENERGY COMMISSION
Charles G. Campbell
NAME Charles G. Campbell

TITLE Acting Manager

DATE
June 4, 1954

UNITED STATES ATOMIC ENERGY COMMISSION
REIMBURSEMENT AUTHORIZATION

NO.

1/

PAGE

1
OF

1
PAGES

PROJECT

Rocky Flats Plant

LOCATION

Rocky Flats, Colorado

CONTRACTOR

The Dow Chemical Company

CONTRACT NO.

AT-(29-1)-1106 Modification No. 2921

DATE OF CONTRACT

January 18, 1951

The following revision or addition to the approved employment policies and wage and salary schedules of the contractor is approved for reimbursement, effective May 17, 1954

APPENDIX A, SCHEDULE 2 - Revised rate ranges for Nonexempt Salaried Employees upward by approximately 3 percentum.

APPENDIX A, SCHEDULE 5 - Revised hourly rate progressions for Plant Protection Personnel by approximately 3 percentum.

APPROVED FOR THE ATOMIC ENERGY COMMISSION

Charles C. Campbell

NAME

Charles C. Campbell

TITLE

Acting Manager

DATE

June 4, 1954

Modification No. 20
Supplemental Agreement to
Contract No. AT(29-1)-1106
Date: October 25, 1954
Effective: July 1, 1954.

TABLE OF CONTENTS

	<u>Page No.</u>
ARTICLE I - DEFINITIONS	2
ARTICLE II - STATEMENT OF WORK	3
ARTICLE III - CHANGES	3
ARTICLE IV - TERM, RETAINER AND OBLIGATION OF FUNDS	3
ARTICLE V - CONSIDERATION	7
ARTICLE VI - COSTS AND EXPENSES	8
ARTICLE VII - PAYMENTS AND ADVANCES	14
ARTICLE VIII - ASSIGNMENT	19
ARTICLE IX - ACCOUNTS, RECORDS, AND INSPECTION	19
ARTICLE X - EXAMINATION OF RECORDS	22
ARTICLE XI - PROPERTY AND SUPPLY MANAGEMENT	23
ARTICLE XII - BONDS AND INSURANCE	27
ARTICLE XIII - TAXES	27
ARTICLE XIV - LITIGATION AND CLAIMS	28
ARTICLE XV - DISPUTES	30
ARTICLE XVI - SUBCONTRACTS, PURCHASE ORDERS AND PROCUREMENT	31
ARTICLE XVII - SAFETY AND FIRE PROTECTION - PERMITS	33
ARTICLE XVIII - CONTRACTOR'S ORGANIZATION	33
ARTICLE XIX - LABOR	34

(Table of Contents - Cont'd.)

Page No.

ARTICLE XX - NOTICE OF LABOR DISPUTES	41
ARTICLE XXI - BUY AMERICAN ACT	41
ARTICLE XXII - COVENANT AGAINST CONTINGENT FEES	42
ARTICLE XXIII - OFFICIALS NOT TO BENEFIT	42
ARTICLE XXIV - TERMINATION	43
ARTICLE XXV - PATENTS	47
ARTICLE XXVI - SECURITY	49
ARTICLE XXVII - CONTROL OF SOURCE AND SPECIAL NUCLEAR MATERIAL	53
ARTICLE XXVIII - PUBLICITY	53
ARTICLE XXIX - RENEGOTIATION	54
ARTICLE XXX - INTERPRETATION OF THIS MODIFICATION	54
ARTICLE XXXI - GENERAL OBLIGATIONS OF THE CONTRACTOR	55

Modification No. 20
Supplemental Agreement to
Contract No. AT(29-1)-1106
Date: October 25, 1954
Effective: July 1, 1954

This Supplemental Agreement, entered into this 25th day of
October, 1954, effective July 1, 1954, by and between
the UNITED STATES OF AMERICA (hereinafter called the "Government"),
represented by the ATOMIC ENERGY COMMISSION (hereinafter called the
"Commission"), and THE DOW CHEMICAL COMPANY (hereinafter called the
"Contractor"), a corporation organized and existing under the laws of
the State of Delaware,

WITNESSETH THAT:

WHEREAS, on January 18, 1951, the parties hereto entered into
Contract No. AT(29-1)-1106 for the management and operation by the
Contractor of the Commission's Rocky Flats Plant (hereinafter called
the "Plant") and for related work; and

WHEREAS, the said contract has previously been amended by Modifica-
tions Nos. 1 through 19 and 21 through 23; and

WHEREAS, the parties hereto desire to amend the said contract in
certain respects as hereinafter provided and to incorporate the entire
agreement between the parties into this one document; and

WHEREAS, the Commission certifies that this amended contract is
authorized by and executed under the Atomic Energy Acts of 1946 and
1954, in the interest of the common defense and security;

NOW THEREFORE, the parties hereto agree that effective as to work performed on and after July 1, 1954, said Contract No. AT(29-1)-1106, as previously amended and supplemented, is hereby further amended and supplemented to read in its entirety as follows:

ARTICLE I - DEFINITIONS

As used in this contract:

(a) The term "Contracting Officer" means the person executing this contract on behalf of the Government and includes his successors or any duly authorized representative of any such person,

(b) The term "Commission" means the Atomic Energy Commission or any duly authorized representative thereof, including the Contracting Officer except for the purpose of deciding an appeal under Article XV, "DISPUTES".

(c) Except as otherwise provided, the term "subcontract" means any contractual commitment of the Contractor to a third party which involves the performance of any part of the work under this contract at the site of the Plant, and the term "purchase order" means any contractual commitment of the Contractor to a third party in connection with performance of this contract, except that neither of such terms includes a contract of employment.

(d) The term "this Modification", or "this contract", or words of similar import when used herein mean this Modification No. 20, appendices herein referred to and other documents and data made a part hereof by reference.

ARTICLE II - STATEMENT OF WORK

The Contractor shall manage and operate the Plant and shall furnish the personnel, services, materials and equipment (except such services, materials and equipment as are furnished by the Government) necessary for the performance of the work in accordance with Appendix B of this contract, as said Appendix B may be amended from time to time by written mutual agreement. Said Appendix B is by this reference incorporated into and made a part of this contract.

ARTICLE III - CHANGES

The Contracting Officer may at any time by written order require additional work or services or direct the omission of or variations in the work or services covered by this contract.

ARTICLE IV - TERM, RETAINER AND OBLIGATION OF FUNDS

1. Term. The term of this contract shall be from January 18, 1951, through June 30, 1957, unless sooner terminated in accordance with the provisions of Article XXIV, "TERMINATION".

2. Retainer. For the period from July 1, 1954, to June 30, 1957, the Contractor shall receive hereunder a yearly retainer of Four Hundred Thirty-Eight Thousand Dollars (\$438,000.00) which shall be paid in monthly installments of Thirty-Six Thousand Five Hundred Dollars (\$36,500.00) beginning July 31, 1954. It is understood and agreed that the payment of this retainer shall constitute complete compensation to the Contractor for providing in the performance of

the contract the same or equivalent contribution of key personnel, technicians, technology, home office assistance, supervision and review, and the like, made by the Contractor during the fiscal year ending June 30, 1954. It is further understood and agreed that the payment of this retainer also shall constitute complete compensation to the Contractor for its managing and operating the Plant to the extent required to handle the work load which the Commission will place on the Contractor from time to time. The parties hereto recognize that the volume of work performed at the Plant could be materially increased over that performed during the fiscal year ending June 30, 1954, without materially increasing the aforementioned contribution made by the Contractor during that year and, conversely, that such volume could be materially decreased from that of the fiscal year ending June 30, 1954, without materially decreasing such contribution.

3. Adjustment in Retainer. Either party hereto may raise the question concerning the amount of the retainer to be paid the Contractor hereunder only if (1) the Commission requires the Contractor to perform work hereunder which is substantially different in character from the work which was being performed by the Contractor under this contract on June 30, 1954, and from the work which is described in Appendix B, (2) the Commission undertakes a major enlargement of the productive floor space of the Plant as it existed on such date, or (3) the Commission directs the cessation of the Contractor's use of all or a major part of any building or facility at the Plant (whether such cessation is accomplished by the establishing of a standby status for, by the removing from the Plant of, or by

otherwise relieving the Contractor of cognizance over any such building or facility or major portion thereof). The physical condition of the Plant on June 30, 1954, shall be determined by reference to the Plant as-built drawings which were in effect on that date and which are on file in the offices of the Contractor at the Plant. When one party so raises the question concerning the amount of the retainer, any equitable adjustment, either upward or downward, in the retainer shall be made in accordance with the agreement of the parties and the contract shall be modified in writing accordingly. Any such claim for adjustment in the retainer which is made by either party because of a change or changes ordered by the Contracting Officer under Article III, "CHANGES", must be asserted in writing within ten (10) days from the date the change is ordered unless the parties shall agree to a further period of time prior to the date of final settlement of the contract. A failure to agree on an adjustment in the retainer, as provided for under this Paragraph 3, shall be deemed a dispute within the meaning of Article XV, "DISPUTES". Nothing contained in this article shall excuse the Contractor from proceeding properly with the prosecution of the work in accordance with the requirements of any change order issued under the provisions of Article III, "CHANGES".

4. Incentive. It is understood and agreed between the parties that as the Contractor gains experience in the operations covered by this contract, a joint study will be undertaken to determine whether a basis exists for applying incentive factors to the fee determination

or for converting the contract to a fixed price operation. If it is mutually agreed that such a basis does exist, this contract will be modified to provide for a fee based upon incentive factors or to provide for a fixed price operation.

5. Obligation of Funds. The Commission has obligated Twenty-Nine Million Three Hundred Eleven Thousand Dollars (\$29,311,000.00) for the performance of the work under Contract No. AT(29-1)-1106, including fee, of which Ten Million Seven Hundred Thirty-Five Thousand Dollars (\$10,735,000.00) is for the period from July 1, 1954, through June 30, 1955. The Commission may, based upon budget estimates prepared by the Contractor in accordance with Commission requirements and reviewed and approved by the Contracting Officer, obligate additional funds for the performance of the work from time to time. The Contractor shall notify the Contracting Officer in writing whenever the aggregate of expenditures, commitments and obligations allowable under this contract for the period referred to in the first sentence of this paragraph is equal to 85% of the amount then obligated for such period and shall include in such notification the estimated time when its expenditures, commitments, and obligations will equal 100% of such amount. At the same time the Contractor will advise the Contracting Officer in writing of the estimated amount which it considers necessary for the continuation of operations for a given period. Should the allowable expenditures, commitments and obligations of the Contractor equal 100% of the sum then obligated by the Commission for the performance of the work hereunder, the Contractor shall incur no additional

SECRET

expenses or obligations and shall be excused from further performance of the work unless and until the Commission thereafter shall increase the amount obligated. It is understood and agreed that the total obligation of the Government under this contract at any given time is limited to the amounts then obligated by the Commission hereunder.

6. Right to Terminate Not Affected. The giving of any notice by either party under this article shall not be construed to waive or impair the right of either party to terminate the contract under the provisions of Article XXIV, "TERMINATION".

7. Cost Information. The Contractor shall maintain current written information, which shall be available for Commission inspection, adequate to reflect the cost of performing the work under this contract at all times while the work is in progress. The Contractor shall prepare and furnish to the Government such written estimates of costs and information in support thereof regarding proposed programs as the Contracting Officer may request, within the scope of Appendix B.

8. Correctness of Estimates Not Guaranteed. It is understood that neither the Government nor the Contractor guarantees any estimate of cost for the performance of the work under the contract and that there shall be no adjustment in the amount of the Contractor's retainer by reason of errors in the computation of estimates or differences between such estimates and the actual cost for performance of the work.

ARTICLE V - CONSIDERATION

Payment for allowable costs, without duplication, and of the retainer, as herein provided, shall constitute complete compensation

for the Contractor's services, including profit and all items or kinds of expenses not allowable under the terms of this contract.

ARTICLE VI - COSTS AND EXPENSES

1. Basis for Determination of Allowable Costs. The costs allowable under this contract shall be costs and expenses which are actually incurred by the Contractor in performing the work under this contract and which are necessary or incident thereto. Allowable costs shall include, without limitation on the generality of the foregoing, the items described as allowable in Paragraph 2 but shall not in any event include the items described as unallowable in Paragraph 3, except to the extent indicated therein. Failure to mention any item of cost in this article is not intended to imply that it is either allowable or unallowable.

2. Examples of Allowable Costs. The following are examples of items of cost which are allowable under this contract to the extent indicated.

(a) Bonds and insurance in accordance with Article XII, "BONDS AND INSURANCE".

(b) Materials, supplies, machinery, tools and equipment, including freight, transportation, material handling, inspection, storage, salvage, and other usual expenses incident to the procurement and use thereof, subject to the requirements of the other provisions of this contract.

(c) Patents, purchased designs and royalty payments, to the extent approved by the Contracting Officer.

(d) Repair and replacement of Government-owned property, subject to the limitations set forth in other provisions of this contract.

(e) Structures and facilities of a temporary nature at the Plant. Temporary use of land, structures and facilities away from the Plant, when approved by the Contracting Officer.

(f) Subcontracts and purchase orders entered into in accordance with the provisions of this contract.

(g) Taxes, fees, and charges levied by public agencies which the Contractor is required by law to pay, except those which are imposed upon or arise by reason of or are measured by the Contractor's fee, or are excluded by other provisions of this contract.

(h) Utility services, such as communication, power, gas and water, subject to approvals required under any other provisions of this contract.

(i) Labor (whether as wages, salaries, group insurance and other benefits, or other compensation) and recruiting and training of personnel (including "help-wanted" advertising), in accordance with Appendix A, which by this reference is incorporated into and made a part of this contract, or amendments thereto.

(j) Travel and transportation in accordance with Appendix A or amendments thereto, and also travel, subsistence and basic pay of the Contractor's employees not carried on the Plant payroll (excluding corporate officers and directors of the

Contractor) when such employees travel away from their regular duty stations to perform work under this contract with the written approval of the Contracting Officer.

(k) Expenses of litigation, including reasonable counsel fees, incurred in accordance with Article XIV, "LITIGATION AND CLAIMS", and, as approved by the Contracting Officer, such other legal, accounting, and consulting fees not expressly excluded by other provisions of this contract.

(l) Losses and expenses (including settlements made with the consent of the Contracting Officer) sustained by the Contractor in the performance of the work and certified in writing by the Contracting Officer to be just and reasonable, except losses and expenses expressly made unallowable under other provisions of this contract, or compensated for by insurance or otherwise, or which would have been compensated for by insurance required by law or by written direction of the Contracting Officer.

(m) Technical and professional assistance and services not expressly excluded by other provisions of this contract, in accordance with Appendix A or amendments thereto.

(n) Rental for equipment, including operating expenses, if any, or facilities furnished or leased by the Contractor on such terms and conditions as may be approved by the Contracting Officer.

(o) Institution and maintenance of security safeguards and safety measures required by this contract.

(p) Items of cost which are not expressly excluded by other provisions of this contract and which are specifically certified in writing by the Contracting Officer as reimbursable hereunder.

3. Examples of Unallowable Costs. The following are examples of items of cost which are unallowable, except as indicated:

(a) Advertising, except "help-wanted" advertising or as otherwise authorized by the Contracting Officer.

(b) Central and branch office expenses of the Contractor, except as provided for by this contract.

(c) Commissions and bonuses (under whatever name) in connection with obtaining or negotiating for a Government contract.

(d) Unless otherwise authorized by the Contracting Officer, costs of the character described in Subparagraphs (i) and (j) of Paragraph 2, which are not in accordance with Appendix A or amendments thereto.

(e) Provisions for contingency reserves.

(f) Contributions, gifts or donations, except as provided for in Appendix A or amendments thereto.

(g) Dividend provisions or payments.

(h) Entertainment expense, except such activities for Plant employees and their families as may be authorized by the Contracting Officer or Appendix A or amendments thereto.

(i) Fines and penalties levied by public agencies, including interest, unless incurred at the express direction of the

Contracting Officer in conformity with Article XIII, "TAXES".

(j) Interest on borrowings (however represented), bond discount and expenses, and financing charges.

(k) Losses from investments; sales, exchanges or abandonment of capital assets of the Contractor and losses on other contracts.

(l) Membership in trade, business, and professional organizations, except as authorized by the Contracting Officer.

(m) Pension, retirement, group health, accident, and life insurance plans, except to the extent authorized under Appendix A or amendments thereto.

(n) Storage of contract records after completion of contract operations, irrespective of contractual or statutory requirements regarding the preservation of records.

(o) Taxes, fees and charges levied by public agencies which are imposed upon or arise by reason of or are measured by the Contractor's fee; capital stock taxes, stock transfer fees or taxes; and any other taxes, licenses or permits required to maintain the corporate structure.

(p) Government-furnished property, except to the extent that cash payment therefor is required pursuant to procedures of the Commission applicable to transfers of such property to the Contractor from others.

(q) Bad debts (including expenses of collection and provisions for bad debts) arising out of other business of the Contractor.

(r) Legal, accounting and consulting services, and related expenses, incurred in connection with organization, reorganization, prosecution of patent infringement litigation, prosecution or defense of anti-trust suits, prosecution of claims against the Government and preparation of tax returns.

(s) Premiums for overtime, shift or holiday work, except to the extent such work is authorized by the Contracting Officer or Appendix A or amendments thereto.

(t) Premiums for insurance on the lives of any persons, where the Contractor is the beneficiary directly or indirectly.

(u) Travel expenses of corporate officers and directors of the Contractor.

(v) Costs of any actions with respect to which the Contractor fails to secure prior or advance approval or authorization where such approval or authorization is required by any provision of this contract, unless such actions are subsequently ratified by the Contracting Officer.

(w) Any cost which the Contracting Officer shall establish as resulting from willful misconduct or lack of good faith on the part of a corporate officer of the Contractor or the resident supervising representative of the Contractor referred to in Paragraph 2 of Article XVIII, "CONTRACTOR'S ORGANIZATION".

Disputes concerning the unallowability of any cost under this subparagraph shall be determined in accordance with the provisions of Article XV, "DISPUTES".

(x) Other items made unallowable by other provisions of this contract,

ARTICLE VII - PAYMENTS AND ADVANCES

1. Payment from Funds Advanced. The Contractor's retainer and all allowable costs shall be paid from funds advanced by the Commission to the Contractor.

2. Special Bank Account -- Use. Until liquidated as provided herein, any advance and any revenues, other than the Contractor's retainer, if any, received by the Contractor in connection with the work under this contract shall be deposited at a bank or banks satisfactory to the Contracting Officer in a special account or accounts separate from all other funds and so designated as to indicate clearly to the bank its special character and purpose. Funds advanced hereunder and the balances of any such bank account shall be drawn on by the Contractor solely for the purpose of making payments for the retainer and costs allowable under this contract or other payments specifically approved in writing by the Contracting Officer. If the Contracting Officer shall at any time determine that the balance in such bank account exceeds the Contractor's current needs, the Contractor shall make such disposition of the excess as the Contracting Officer may direct.

3. Title--Rights and Liabilities of Bank. Title to the unexpended balance of any funds advanced and of any bank account established pursuant to this article shall remain in the Government and be superior to any claim or lien of the bank of deposit or others. It is understood that an advance to the Contractor hereunder is not a loan to the Contractor and will not require the payment of interest by the Contractor, and that the Contractor acquires no right, title, or interest in or to such advance other than the right to make expenditures therefrom as provided in this article. The Contractor's arrangement with the bank of deposit shall provide that the bank of deposit shall act with respect to such account in accordance with any written directions of the Contracting Officer; that the bank of deposit shall not be liable to any party to this contract for any action taken in accordance with such directions, nor for the withdrawal of funds from such account by checks properly signed by the Contractor and properly endorsed in the absence of contrary directions from the Contracting Officer; and that any directions received by the bank of deposit upon stationery of the Commission and purporting to be signed by or at the direction of the Commission shall, insofar as the rights, duties, and liabilities of the bank of deposit are concerned, be deemed to be the written directions of the Contracting Officer. Bank accounts established pursuant to this article shall be subject to inspection and audit by representatives of the Government at all reasonable times. The Contractor shall transmit to the Contracting Officer in prescribed form an agreement in duplicate from the bank or

banks of deposit clearly setting forth the special character of the account being established for the purposes of this contract and the responsibilities of the bank thereunder.

4. Subcontracts and Purchase Orders. Subject to the prior written approval of the Contracting Officer, the Contractor may make payments to subcontractors, material men or vendors out of the special account or accounts established under this article for labor and services or materials in advance of performance or delivery. Such subadvances shall not exceed thirty percent (30%) of the subcontract price or estimated cost, as the case may be, and the subcontractor, material man, or vendor to whom such advances are made shall furnish adequate security therefor. Unless other security approved by the Contracting Officer is furnished, covenants shall be inserted in such subcontracts and purchase orders to provide that the Government shall retain title to the funds so advanced until spent in performance of such subcontracts or purchase orders and that title to all property purchased from such funds shall immediately pass to the Government and imposing upon the subcontractor, material man, or vendor substantially the same duties and giving the Commission substantially the same rights as are provided in this contract between the Contractor and the Commission.

5. Final Payment and Liquidation of Advances. Upon expiration of this contract or termination for convenience by either party; upon the Contractor's having complied with the Commission's patent clearance requirements; and upon the furnishing by the Contractor of a release,

in such form and with such exceptions as may be approved by the Contracting Officer, of all claims against the Government under or arising out of this contract, accompanied by the accounting for Government-owned property required by Article XI, "PROPERTY AND SUPPLY MANAGEMENT", the Commission shall promptly pay to the Contractor the unpaid balance of allowable costs and the retainer. In arriving at the amount due the Contractor under this article there shall be deducted (1) all unliquidated advance or other unliquidated payments on account theretofore made to the Contractor, (2) any claim which the Government may have against the Contractor in connection with this contract, and (3) deductions due under the terms of this contract, and not otherwise recovered by or credited to the Government. If the unliquidated balance of any advance exceeds the amount otherwise due the Contractor, the excess shall be remitted by the Contractor to the Commission forthwith.

6. Review and Approval of Costs Incurred. The Contractor shall prepare and submit annually as of June 30 a certified voucher, for the total of net expenditures accrued (i.e., net costs incurred) for the period covered by the voucher, and the Commission, after audit and appropriate adjustment, will approve such voucher. This approval by the Commission will constitute an interim acknowledgment by the Commission that the net costs incurred were allowable under the contract and that they had been recorded in the accounts maintained by the Contractor, but will not relieve the Contractor of responsibility for the Commission's assets in its care, for appropriate subsequent adjustments, or for errors later becoming known to the Commission.

7. Claims. Claims for credit against funds advanced or for payment shall be accompanied by such supporting documents and justifications as the Contracting Officer shall prescribe. It is the intent of this paragraph to allow the Contracting Officer to require such justification as may be necessary to reasonably support any individual claim or claims, but it is not intended to disturb or change generally the Contractor's system of maintaining records if that system is in accordance with the Contractor's normal practice.

8. Discounts. The Contractor shall take and afford the Government the advantage of all available cash and trade discounts, rebates, allowances, credits, salvage, commissions, and bonifications. The Contractor shall bear the expense of any failure to comply with this provision unless such failure is found by the Contracting Officer to be justifiable. If the Contractor shall disagree with any finding made by the Contracting Officer under this paragraph, such disagreement shall be deemed a dispute within the meaning of Article XV, "DISPUTES".

9. Revenues. Any revenues, other than the Contractor's retainer, if any, accruing to the Contractor in connection with the work under this contract shall be applied in reduction of the allowable costs under this contract.

10. Direct Payment of Charges -- Deductions. The Government may, upon ten (10) days' written notice from the Contracting Officer to the Contractor, pay directly to the persons concerned any charges for services, materials, or freight which otherwise would be allowable under this contract. Any payment so made shall discharge the Government of all liability to the Contractor therefor. However, before any such payment is made, the Contracting Officer will discuss the matter with the Contractor.

ARTICLE VIII - ASSIGNMENT

Neither this contract nor any interest therein nor claim thereunder shall be assigned or transferred by the Contractor, except as expressly authorized in writing by the Contracting Officer.

ARTICLE IX - ACCOUNTS, RECORDS, AND INSPECTION

1. Accounts. The Contractor shall maintain a separate and distinct set of accounts showing and supporting all allowable costs incurred, revenues earned, retainer accruals, and the receipt, use, and disposition of all Government-owned property coming into the possession of the Contractor under this contract. The system of accounts employed by the Contractor shall be satisfactory to the Commission and in accordance with generally accepted accounting principles.

2. Inspection and Audit of Accounts and Records. All books of account and records relating to this contract shall be subject to inspection and audit by the Commission at all reasonable times, and the Contractor shall afford the Commission proper facilities for such inspection and audit.

3. Audit of Subcontractors' Records. The Contractor also agrees, with respect to any subcontracts or purchase orders (including lump-sum or unit-price subcontracts or purchase orders) where, under the terms of the subcontract or purchase order, costs incurred are a factor in determining the amount payable to the subcontractor or vendor of any tier, to conduct an audit of the costs of the subcontract or purchase order in a manner satisfactory to the Commission or to have the audit

conducted by the next higher tier subcontractor or vendor in a manner satisfactory to the Contractor and the Commission, except where the Commission upon the recommendation of the Contractor elects to waive such audit or to approve other arrangements for the conduct of the audit.

4. Disposition of Records. Except as otherwise directed by the Contracting Officer or agreed upon by the Government and the Contractor, all sketches, designs, plans, specifications, documents containing restricted data or classified security information, books of account and supporting documents relating to this contract, and other data evidencing costs allowable and revenues received under this contract, shall be the property of the Government, and shall be delivered to the Government or otherwise disposed of by the Contractor (1) during the progress of the work as may be agreed upon by the parties subject to Commission security regulations and requirements and (2) as the Contracting Officer may direct upon completion or termination of this contract and final audit of all accounts hereunder. Those records relating to this contract which remain in the possession of the Contractor after the completion or termination of contract operations shall (1) be preserved by the Contractor for a period of six (6) years after final settlement, or (2) be delivered to the Government before the expiration of such period at the option of either party upon twenty (20) days' written notice, or (3) be otherwise disposed of in such manner as may be agreed upon by the parties. The Contractor shall, subject to Commission security regulations and requirements, have the right to inspect

and at its own expense duplicate any records delivered or to be delivered to the Government by the Contractor under this contract.

5. Reports. The Contractor shall furnish such progress reports and schedules, financial and cost reports, and other reports concerning the work under this contract as the Contracting Officer may from time to time require.

6. Inspections. The Commission shall have the right to inspect the work and activities of the Contractor under this contract at such time and in such manner as the Contracting Officer shall deem appropriate.

7. Subcontracts and Purchase Orders. The Contractor further agrees to require the inclusion of provisions in substance similar to those in Paragraphs 1 through 6 of this article in all subcontracts and purchase orders of any tier negotiated hereunder (including lump-sum or unit-price subcontracts or purchase orders) where, under the terms of the subcontract or purchase order, costs incurred are a factor in determining the amount payable to the subcontractor or vendor.

8. Internal Audit. The Contractor shall establish and maintain such internal audits as will reasonably assure to the Contractor and the Commission the accuracy and propriety of the Contractor's records and the Contractor's conformance with its own procedures. The scope of such audits will be as mutually agreed upon by the parties. In performing such audits, the Contractor shall apply the routines and procedures used in its normal business modified only to the extent made necessary by conditions which are peculiar to operations under this contract such as security requirements, special nuclear material accountability, and the like. Working papers and the resulting reports from such audits will be made available to the Commission in order to minimize duplication of audit work.

ARTICLE X - EXAMINATION OF RECORDS

L. Examination by Comptroller General. The Contractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract until the expiration of three years after final payment under this contract unless the Commission authorizes their prior disposition.

2. Subcontracts. The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor involving transactions related to the subcontract until the expiration of three years after final payment under this contract unless the Commission authorizes their prior disposition. The term "subcontract" as used herein means any purchase order or agreement to perform all or any part of the work or to make or furnish any materials required for the performance of this contract, but does not include (i) purchase orders not exceeding One Thousand Dollars (\$1,000.00) (ii) subcontract or purchase orders for public utility services at rates established for uniform applicability to the general public, or (iii) subcontracts or purchase orders for general inventory items not specifically identifiable with the work under this contract.

SECRET

3. Audit by General Accounting Office. Nothing in this contract shall be deemed to preclude an audit by the General Accounting Office of any transaction under this contract.

ARTICLE XI - PROPERTY AND SUPPLY MANAGEMENT

1. Requirements. The Contractor shall establish and maintain:

(a) A property management system, including stock control, which is satisfactory to the Contracting Officer and in accordance with generally accepted business practice, which provides for all phases of supply activities and which is designed adequately to receive, utilize, protect and control all property; and

(b) A property disposal system which is in accordance with disposal regulations and requirements of the Commission.

2. Furnishing of Government Property. The Government reserves the right to furnish any property or services, except services of personnel, required for the performance of the work under this contract.

3. Title to Property. Except as otherwise directed by the Contracting Officer, title to all property purchased by the Contractor, the cost of which is allowable under this contract, shall pass directly from the vendor to the Government, and title to other property, the cost of which is allowable under this contract, shall pass to the Government upon commencement of processing or use of such property in the performance of work under this contract or upon payment of the cost

therefor from Government funds, whichever first occurs. The Government reserves the right to inspect, and to accept or reject, any item of property. With respect to any property purchased by the Contractor, the Government shall exercise such right, if at all, within ninety (90) days after receipt of such property at the Plant. The Contractor shall make disposition of any such rejected items as the Contracting Officer shall direct.

4. Identification. As directed or approved by the Contracting Officer, the Contractor shall identify Government-owned property coming into the Contractor's control by marking or segregation in such a way as shall indicate its ownership by the Government. In the absence of special conditions the Contracting Officer shall not direct the Contractor to identify such property as may be incorporated into or attached to the end products to be delivered to the Government or which may be consumed or expended in the performance of this contract.

5. Disposition. The Contractor shall make final disposition of Government-owned surplus or salvage property which has come into the control of the Contractor under this contract in accordance with the procedures used in its normal business practices, which procedures shall be modified only to the extent made necessary by applicable Government regulations. When authorized in writing by the Contracting Officer during the progress of the work or upon completion or termination of this contract, the Contractor may, upon such terms and conditions as the

Contracting Officer may approve, sell or exchange such property, or acquire such property at a price agreed upon by the Contracting Officer and the Contractor as the fair value thereof. The amount received by the Contractor as the result of any disposition, or the amount of the agreed fair value of any such property acquired by the Contractor, shall be applied in reduction of costs allowable under this contract, or shall be otherwise credited to the account of the Government, as the Contracting Officer may direct. Upon completion of the work or the termination of this contract, the Contractor shall render an accounting, as prescribed by the Contracting Officer, of all Government-owned property for which the Contractor is at that time accountable under this contract.

6. Risk of Loss of Government-Owned Property. Notwithstanding any other provision of this contract to the contrary, the Contractor shall not be liable for loss or destruction of or damage to Government-owned property in the Contractor's possession unless such loss, destruction or damage results from willful misconduct or lack of good faith on the part of the corporate officers of the Contractor, or the resident supervising representative of the Contractor referred to in Paragraph 2 of Article XVIII, "CONTRACTOR'S ORGANIZATION".

7. Protection of Government-Owned Property. The Contractor shall take reasonable precautions, including such as may be directed in writing by the Contracting Officer, to safeguard and protect Government-owned property in the Contractor's possession.

8. Steps to be Taken in Event of Loss. Upon the happening of any loss or destruction of or damage to Government-owned property in the control of the Contractor, the Contractor shall take all reasonable steps to recover the property lost and to protect the property remaining. The Contractor shall take no action prejudicial to the right of the Government to recover against third persons for lost, destroyed or damaged Government-owned property and shall furnish to the Government on request all reasonable assistance in obtaining recovery. In instances of loss or destruction of or damage to Government-owned capital equipment, structures and facilities in the possession of the Contractor, normal wear and tear excepted, which the Contractor estimates involves a loss or cost in excess of Five Hundred Dollars (\$500.00) the Contractor shall immediately inform the Contracting Officer of the occasion and extent of the loss, destruction or damage and, with the concurrence of the Contracting Officer, shall repair or replace such property. In instances of loss or destruction of or damage to Government-owned property other than capital equipment, structures and facilities in the control of the Contractor, the Contractor shall act in accordance with the procedures which shall be agreed upon by the Contractor and the Contracting Officer.

9. Replacement and Acquisition of Capital Facilities. The replacement of any Government-owned structures, equipment and facilities made necessary by normal wear and tear and estimated to involve an increase in capital investment of more than Five Thousand Dollars (\$5,000.00), and the acquisition and installation of any additional structures, equipment and facilities estimated to cost in excess of Five Thousand

Dollars (\$5,000.00) shall be reviewed and approved at the Contractor's home office and shall be subject to the approval of the Contracting Officer.

ARTICLE XII - BONDS AND INSURANCE

The Contractor shall procure and maintain such bonds and insurance as are required by law or by the written directions of the Contracting Officer. The terms of any such bond or insurance policy (including amendments, endorsements or renewals thereof) shall be submitted to the Contracting Officer for approval. In view of the provisions of Article XI, "Property and Supply Management," the Contractor shall not procure or maintain for its own protection any insurance (including self-insurance or reserves) covering losses or destruction of or damage to Government-owned property.

ARTICLE XIII - TAXES

The Contractor agrees to notify the Commission of the levy or purported levy upon the Contractor, in respect of this contract, of any of the following state or local taxes:

- (a) taxes from which exemption is granted by state or local law; and
- (b) taxes which the Contractor believes, or which the Commission notifies the Contractor that it believes, to be invalid under any provision of the Constitution of the United States.

The Contractor shall refrain from paying any such tax unless authorized by the Commission. The Contractor agrees to take such steps as may be required by the Commission (a) to assert exemption from, or to pay under protest, any such tax, and (b) in the event such tax is paid, to secure a refund of such tax for the benefit of the Commission, and (c) in the event proceedings are instituted for the recover of such tax,

to permit the Commission (1) to join with the Contractor in any such proceedings or (2) to sue for recovery in the Contractor's name (it being understood that the Commission will reimburse the Contractor for all reasonable expenses including attorney fees incurred by the Contractor in defending against or in seeking exemption from or recovery of such tax). The Commission shall reimburse the Contractor for all penalties and interest incurred through compliance with this article. The Contractor agrees that any refunds, recoveries, or credits obtained (including interest) shall be paid over to or otherwise credited for the benefit of the Commission. The Contractor further agrees to incorporate in any of its subcontracts or purchase orders such provisions as are required by the Commission to carry out the purposes of this article.

ARTICLE XIV - LITIGATION AND CLAIMS

1. Initiation of Litigation. If the Government requires the Contractor to initiate litigation, including proceedings before administrative agencies, in connection with this contract, the Contractor shall proceed with the litigation in good faith as directed from time to time by the Contracting Officer.

2. Defense and Settlement of Claims. The Contractor shall give the Contracting Officer immediate notice in writing (a) of any action filed against the Contractor arising out of the performance of this contract, and (b) of any claim against the Contractor the cost and expense of which is reimbursable under Article VI, "CCSTS AND EXPENSES".

Except as otherwise directed by the Contracting Officer in writing, the Contractor shall furnish immediately to the Contracting Officer copies of all pertinent papers received by the Contractor with respect to such action or claim. To the extent not in conflict with any applicable policy of insurance, the Contractor may with the Contracting Officer's approval settle any such action or claim, shall effect at the Contracting Officer's request an assignment and subrogation in favor of the Government of all the Contractor's rights and claims (except those against the Government) arising out of any such action or claim against the Contractor, and, if required by the Contracting Officer, shall authorize representatives of the Government to settle or defend any such action or claim and to represent the Contractor in, or to take charge of, any such action. If the settlement or defense of an action or claim against the Contractor is undertaken by the Government, the Contractor shall furnish all reasonable assistance in effecting a settlement or asserting a defense. Where an action against the Contractor is not covered by a policy of insurance, the Contractor shall with the approval of the Contracting Officer proceed with the defense of the action in good faith, and in such event the defense of the action shall be at the expense of the Government: Provided, However, That the Government shall not be liable for such expense to the extent that it would

have been compensated for by insurance which was required by law or by the written direction of the Contracting Officer, but which the Contractor failed to secure through its own fault or negligence.

ARTICLE XV - DISPUTES

Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. Within thirty (30) days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Commission, and the decision of the Commission shall, unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or to not have been supported by substantial evidence, be final and conclusive: Provided, That if no such appeal to the Commission is taken, the decision of the Contracting Officer shall be final and conclusive. In connection with any appeal proceeding under this article, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

ARTICLE XVI - SUBCONTRACTS, PURCHASE ORDERS AND PROCUREMENT

1. Requirements Applicable to Subcontracts and Purchase Orders.

The Contractor shall make all purchases required in connection with the performance of the work under this contract in accordance with the normal practices of the Contractor, with the following limitations:

(a) The Contractor will not purchase without the prior written approval of the Contracting Officer motor vehicles, trailers, typewriters, aircraft, printing equipment, helium, or items to be specified in writing by the Contracting Officer from time to time.

(b) The Contractor will not use any procurement procedures which the Contracting Officer has advised are contrary to Commission policy.

(c) The Contractor shall furnish to the Contracting Officer copies of material changes in the procurement procedures which the Contractor has already furnished to the Contracting Officer.

(d) The Contractor will not enter into any purchase order, obligation, subcontract or agreement by which more than Twenty-Five Thousand Dollars (\$25,000.00) may be obligated without the prior written approval of the Contracting Officer. The Contractor further agrees to notify the Contracting Officer of all subcontracts which it proposes to execute, prior to the execution of the same, and if said subcontract is for the performance of actual operations as distinguished from services supporting actual operations, it will secure the Contracting Officer's prior written approval to so

subcontract. The Contractor shall not execute any contractual arrangement of the cost-plus-a-percentage-of-cost type. All proposed cost, cost-plus-a-fixed-fee, time and material and incentive type of contractual arrangements in excess of Five Hundred Dollars (\$500.00); all proposed consultant agreements; and all proposed contractual arrangements for the performance of work subject to the Davis-Bacon Act shall have the written approval of the Contracting Officer prior to execution.

(e) The Contractor will execute all subcontracts and purchase orders in its own name and shall not bind or purport to bind the Government thereon.

(f) The Contractor will use Government sources of supply, which shall be available to the Contractor, when it is in the best interests of the Government, taking into account the delivery dates and suitability of items available.

(g) The Commission agrees that upon request of the Contractor it will furnish assistance to the Contractor by way of priorities and other assistance to enable the Contractor to procure equipment and services required to perform the work and services required by this contract.

2. Effect of Subcontracting on Retainer. The subcontracting of any part of the work under this contract shall not entail any adjustment in the Contractor's retainer.

3. Contractor Controlled Sources. The Contractor shall notify the Contracting Officer of the proposed procurement under this contract

of any material, supply, equipment or service, the estimated cost of which is One Hundred Dollars (\$100.00) or more, from any source owned or controlled by the Contractor. Such notice shall be given sufficiently in advance of such proposed procurement to permit the Contracting Officer, at his option or by agreement with the Contractor, to effect the procurement directly by competitive or other authorized methods.

ARTICLE XVII - SAFETY AND FIRE PROTECTION - PERMITS

1. Safety Precautions. The Contractor shall take all reasonable precautions in the performance of the work under this contract to protect the health and safety of employees and of members of the public and to minimize danger from all hazards to life and property, and shall use its best efforts to comply with all health, safety and fire protection regulations of the Commission and the written requirements of the Contracting Officer.

2. Permits. Except as otherwise directed by the Contracting Officer, the Contractor shall procure all necessary permits or licenses and abide by all applicable laws, regulations and ordinances of the Government and of the State, territory and political subdivision in which the work under this contract is performed.

ARTICLE XVIII - CONTRACTOR'S ORGANIZATION

1. Organization. As promptly as possible after the execution of this contract the Contractor shall furnish to the Contracting Officer a chart showing the names, duties, and organization of key personnel to be employed in connection with the work, and shall furnish from time to

time supplementary information reflecting changes therein. The Contractor agrees to notify the Contracting Officer in writing prior to each proposed major change in the assignment, including transfer from the Plant, of any of its key personnel. As used in this paragraph the term "key personnel" means the persons in the Contractor's employ who report directly to the resident supervising representative of the Contractor referred to in Paragraph 2 of this article and includes the immediate assistants to such persons.

2. Supervising Representative of Contractor. A competent full time resident supervising representative of the Contractor satisfactory to the Manager of the Commission's Santa Fe Operations shall be in charge of the work at the site.

3. Control of Employees. The Contractor shall be responsible for maintaining satisfactory standards of employee competency, conduct and integrity and shall be responsible for taking such disciplinary action with respect to its employees as may be necessary.

ARTICLE XIX -- LABOR

1. Eight-Hour Laws -- Overtime Compensation. No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Contractor or any subcontractor or vendor contracting for any part of said work contemplated, shall be required or permitted to work more than eight (8) hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this article.

The wages of every laborer and mechanic employed by the Contractor or any subcontractor or vendor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day, and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this article a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this article, and all penalties thus imposed shall be withheld for the use and benefit of the Government: Provided, That this stipulation shall be subject in all respects to the exceptions and provisions of the Eight-Hour Laws as set forth in 40 U.S.C. 321, 324, 325, 325a, and 326, which relate to hours of labor and compensation for overtime.

2. Convict Labor. In connection with the performance of work under this contract the Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

3. Nondiscrimination in Employment. In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising;

layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of the non-discrimination clause.

The Contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

4. Walsh-Healey Public Contracts Act. To the extent that this contract is subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S.C. 35-45), there are hereby incorporated by reference the representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect.

5. The following provisions of this Paragraph 5 apply only to the performance of such work under this contract as is subject to the Davis-Bacon Act (40 U.S.C. 276a et seq.) and shall not apply to the performance of other work under this contract.

(a) Davis-Bacon Act.

(1) All mechanics and laborers employed or working directly upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by the Copeland Act (Anti-Kickback) Regulations (29 CFR, Part 3)) the full amounts due at time of payment, computed at wage rates not less than those contained in the wage determination decision of the Secretary of Labor which is attached hereto in Appendix C and which by this reference is made a part hereof, regardless of any contractual relationship which may be alleged to exist between the Contractor or subcontractor and such laborers and mechanics; and a copy of the wage determination decision shall

be kept posted by the Contractor at the site of the work in a prominent place where it can be easily seen by the workers.

(2) In the event it is found by the Commission that any laborer or mechanic employed by the Contractor or any subcontractor directly on the site of the work has been or is being paid at a rate of wages less than the rate of wages required by Subparagraph (1) above, the Commission may (i) by written notice to the Government Prime Contractor terminate its right to proceed with the work, or such part of the work as to which there has been a failure to pay said required wages, and (ii) prosecute the work to completion by contract or otherwise, whereupon such Contractor and its sureties, if any, shall be liable to the Government for any excess costs occasioned the Government thereby.

(3) Sections (1) and (2) of this Subparagraph (a) shall apply to this contract to the extent that it is (i) a prime contract with the Government subject to the Davis-Bacon Act or (ii) a subcontract under such prime contract.

(b) Eight-Hour Laws -- Overtime Compensation. No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Contractor or any subcontractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this subparagraph.

The wages of every laborer and mechanic employed by the Contractor or any subcontractor engaged in the performance of this work shall be computed on a basic day rate of eight hours per day and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this subparagraph a penalty of five dollars (\$5.00) shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this subparagraph, and all penalties thus imposed shall be withheld for the use and benefit of the Government: Provided, That this stipulation shall be subject in all respects to the exceptions and provisions of the Eight-Hour Laws as set forth in 40 U.S.C. 321, 324, 325, 325a, and 326, which relate to hours of labor and compensation for overtime.

(c) Apprentices. Apprentices will be permitted to work only under a bona fide apprenticeship program registered with a State Apprenticeship Council which is recognized by the Federal Committee on Apprenticeship, U. S. Department of Labor; or if no such recognized Council exists in a State, under a program registered with the Bureau of Apprenticeship, U. S. Department of Labor.

(d) Payroll Records and Payrolls.

(1) Payroll records will be maintained during the course of the work and preserved for a period of three years thereafter

for all laborers and mechanics working at the site of the work. Such records will contain the name and address of each such employee, his ~~correct~~ classification, rate of pay, daily and weekly number of hours worked, deductions made and actual wages paid. The Contractor will make its employment records available for inspection by authorized representatives of the Commission and the U. S. Department of Labor, and will permit such representatives to interview employees during working hours on the job.

(2) A certified copy of all payrolls will be submitted weekly to the Commission. The Government Prime Contractor will be responsible for the submission of certified copies of the payrolls of all subcontractors. The certification will affirm that the payrolls are correct and complete, that the wage rates contained therein are not less than the applicable rates contained in the wage determination decision of the Secretary of Labor attached to this contract, and that the classifications set forth for each laborer or mechanic conform with the work he performed.

(e) Copeland (Anti-Kickback) Act - Nonrebate of Wages. The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U.S.C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U.S.C. 874) are made a part of this contract by reference. The Contractor will comply with these regulations and any amendments or modifications thereof and the Government Prime

Contractor will be responsible for the submission of affidavits required of subcontractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

(f) Withholding of Funds to Assure Wage Payment. There may be withheld from the Contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics employed by the Contractor or any subcontractor the full amount of wages required by this contract. In the event of failure to pay any laborer or mechanic all or part of the wages required by this contract, the Commission may take such action as may be necessary to cause the suspension, until such violations have ceased, of any further payment, advance, or guarantee of funds to or for the Government Prime Contractor.

(g) Subcontracts - Termination. The Contractor agrees to insert Subparagraphs (a) through (g) hereof in all subcontracts and further agrees that a breach of any of the requirements of these subparagraphs may be grounds for termination of this contract. The term "Contractor" as used in such subparagraphs in any subcontract shall be deemed to refer to the subcontractor except in the phrase "Government Prime Contractor".

6. Contract Procedures. The Commission and the Contractor shall jointly develop procedures for reviewing proposed contract work to decide whether it is subject to the Davis-Bacon Act.

ARTICLE XX - NOTICE OF LABOR DISPUTES

Whenever an actual or potential labor dispute is delaying or threatens to delay the performance of the work, the Contractor shall immediately notify the Contracting Officer in writing. Such notice shall include all relevant information concerning the dispute and its background.

ARTICLE XXI - BUY AMERICAN ACT

The Contractor agrees that in the performance of the work under this contract the Contractor, subcontractors, material men and suppliers shall use only such unmanufactured articles, materials and supplies (which term "articles, materials and supplies" is hereinafter referred to in this article as "supplies") as have been mined or produced in the United States, and only such manufactured supplies as have been manufactured in the United States substantially all from supplies mined, produced, or manufactured, as the case may be, in the United States. The foregoing provisions shall not apply (i) with respect to supplies exempted by the Commission from the application of the Buy American Act (41 U.S.C. 10a-d), (ii) with respect to supplies for use outside the United States, or (iii) with respect to the supplies to be used in the performance of work under this contract which are of a class or kind determined by the Commission not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or (iv) with respect to

such supplies, from which the supplies to be used in the performance of work under this contract are manufactured, as are of a class or kind determined by the Commission not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality: Provided, That this exception (iv) shall not permit the use in the performance of work under this contract of supplies manufactured outside the United States if such supplies are manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

ARTICLE XXII - COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee. Unless otherwise authorized by the Contracting Officer in writing, the Contractor shall cause provisions similar to the foregoing to be inserted in all subcontracts and purchase orders entered into under this contract.

ARTICLE XXIII - OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any

benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE XXIV - TERMINATION

1. Notice of Termination for Default or Convenience. The Contracting Officer may at any time terminate performance of the work under this contract in whole for default of the Contractor as provided for in Paragraph 2 of this article, or in whole or from time to time in part for the convenience of the Government by giving written notice to the Contractor stating the ground for termination. Such termination shall be effective in the manner and upon the date specified in said notice: Provided, However, That where such termination is for the convenience of the Government such date shall be at least ninety (90) days subsequent to the date on which the Contractor receives said notice. Termination by the Government under this article shall be without prejudice to any claims which the Government may have against the Contractor. Upon receipt of such notice, the Contractor shall, to the extent directed by the notice, immediately discontinue work and the placing of orders for materials, facilities, and supplies in connection with performance of this contract and shall proceed promptly to cancel existing orders and terminate subcontracts insofar as such orders or subcontracts are chargeable to this contract, and shall take such other steps as may be required.

2. Termination for Default. If the Contractor refuses or fails to prosecute the work with reasonable diligence or competency or