

CH2M HILL HANFORD GROUP, INC
SERVICES GENERAL PROVISIONS
Firm Fixed Price Contract Type

January 22, 2007
Rev. 4

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SUBCONTRACT FLOW-DOWN REQUIREMENTS

SUBCONTRACTOR shall bind all lower-tier Subcontractors, regardless of tier level, to the provisions of this Subcontract where indicated with an asterisk (*) as a required flow down or as stated in the clause text.

DEFINITIONS

Whenever used in this document, the following definitions shall apply unless the content indicates otherwise:

Authorized Procurement Representative – The term “authorized procurement representative” shall be a CH2M HILL person with authority to enter into and administer Subcontracts and make related determinations and findings. These individuals are identified with the associated authority in the body of the Subcontract.

Buyer’s Technical Representative (BTR) – The term “Buyer’s Technical Representative (BTR)” means the individual responsible for providing technical direction to the SUBCONTRACTOR. The BTR does not possess any explicit, apparent or implied authority to modify Subcontract terms and conditions.

CH2M HILL – The term “CH2M HILL” means CH2M HILL Hanford Group, Inc.

Government – The term “Government” shall mean the United States of America and includes the U.S. Department of Energy (DOE) Office of River Protection (ORP), or any duly authorized representative thereof, including the CH2M HILL Administrative Contracting Officer (ACO).

Lower-Tier Subcontractors - The term “lower-tier Subcontractors” refers to companies or individuals with whom the SUBCONTRACTOR has purchase orders and rental agreements for materials or equipment, and other services not performed directly by the SUBCONTRACTOR under this Subcontract.

SUBCONTRACTOR – The term “SUBCONTRACTOR” refers to the company, person or organization, including all lower-tier Subcontractors, performing Work under this Subcontract.

Subcontract – The term Subcontract shall mean this Subcontract or Purchase Order between CH2M HILL Hanford Group, Inc. (CH2M HILL) and SUBCONTRACTOR including its terms, conditions, clauses, provisions, written direction and instructions, releases, and documents.

Services – The term “services” shall mean labor, direction of labor, production of technical information, consulting services or any other services furnished by SUBCONTRACTOR and its lower-tier Subcontractors within the scope of this Subcontract.

Work – The term “Work” includes all material, labor, tools, and all appliances, machinery, and transportation, necessary to perform and complete the Subcontract’s requirements, and such additional items not specifically indicated or described that can be reasonably inferred as required to complete the Subcontract.

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ARTICLE 1.0 CONTRACT TYPE

This a Firm Fixed Price (FFP) contract type, which provides for a price that is not subject to any adjustment on the basis of the cost experience in performing the Subcontract, unless a supportable change request is incorporated per the provisions of this Subcontract. This Subcontract places full responsibility upon the SUBCONTRACTOR for all costs and resulting profit or loss.

ARTICLE 2.0 ORDER OF PRECEDENCE

In the event of a discrepancy among any of the Subcontract terms, conditions, clauses, provisions, written direction and instructions, and documents (collectively, the 'Subcontract'), the following order of precedence shall govern resolution: (i) CH2M HILL's written Subcontract, amendments, direction, and instructions; (ii) Special Provisions; (iii) General Provisions; (iv) Statement of Work ('SOW'); (v) Technical Specifications; and (vi) Drawings.

Nothing recited above shall be construed as superseding or deleting any applicable statute, rule, ordinance, or regulation (collectively, the 'Laws'). In the event a Subcontract requirement is determined by a court of competent jurisdiction to conflict with Laws, the Subcontract shall not be invalidated and the Subcontract shall be construed and interpreted with regard to the intent of the contracting parties.

ARTICLE 3.0 TERMS OF PAYMENT

3.1 General Invoice Requirements

- A. Invoice Submission Requirements: Original invoices and supporting documentation shall be submitted no more than once a month per calendar month to CH2M HILL's Accounts Payable organization at the address below.

CH2M HILL HANFORD GROUP, INC.

Accounts Payable Mail Stop: H6-09

P.O. Box 1500

Richland, WA 99352

E-mail electronic invoices to: ch2m_ap_invoices@rl.gov

- B. Invoice Payment Terms: SUBCONTRACTOR shall prepare all invoices in a form satisfactory to and approved by CH2M HILL. Except to the extent expressly stated elsewhere in this Subcontract, the invoice is payable thirty (30) calendar days after receipt by CH2M HILL of a properly marked and submitted invoice. Discounts are expected for earlier payments and shall be specifically incorporated in the Subcontract. All unit pricing and payments made shall be in United States dollars only, in the forms of cash, check or electronic transfer as may be agreed upon. Remittance will be made only to the remittance address on file for the SUBCONTRACTOR. Invoices from third parties or with different remittance instructions or addresses will not be processed. Invoices may be submitted electronically, if in an acceptable format. All invoice requirements still apply to electronic invoices.
- C. Invoice Certification: Submittal of an invoice constitutes SUBCONTRACTOR's certification that materials, work and/or services have been delivered as specified on the invoice in accordance with the Subcontract.
- D. Separate Invoice Requirements: Each Subcontract or Subcontract Release shall be invoiced separately.
- E. Minimum Invoice Requirements: The invoice shall identify the following information:
- SUBCONTRACTOR's name, invoice number, and Subcontract number, and Release number.
 - SUBCONTRACTOR's name and telephone number of a representative available to respond to invoice questions.
 - The total amount due for the billing period (this amount shall be separate from cumulative amounts or subtotals included on the invoice).
 - A synopsis of services performed during the billing period.
 - A corresponding description of each item billed and the associated amount.
- F. Rejection of Invoices: Any invoice submitted, which fails to comply with the terms of this Subcontract, including the requirements of form and documentation, may be returned to SUBCONTRACTOR. Any costs associated with the resubmission of a proper invoice shall be to the SUBCONTRACTOR's account.

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G. Withholding Invoice Payments: CH2M HILL may, at its sole discretion, withhold payment, but not limited to, the following reasons:

- Substandard work or delays in the Work not corrected promptly.
- Evidence that a claim has been or will be filed against SUBCONTRACTOR
- Evidence that lower-tier Subcontractor's or suppliers have not been properly paid.

3.3 Taxes

The SUBCONTRACTOR shall collect the applicable Washington State sales or use tax from CH2M HILL unless the SUBCONTRACTOR obtains a Direct Pay Permit from CH2M HILL. All other Federal, State, county, municipal or other taxes not excluded by the Washington State Department of Revenue Direct Pay Permit must be included in the Subcontract amount. If as a result of this Subcontract, the SUBCONTRACTOR becomes eligible for Washington State Business and Occupation Tax Credit for Research and Development spending, the SUBCONTRACTOR shall take such tax credit and assign such tax credit to CH2M HILL. If the SUBCONTRACTOR applies for the Washington State Business and Occupation Tax Credit for Research and Development spending, the SUBCONTRACTOR shall notify CH2M HILL. The SUBCONTRACTOR shall fully cooperate with CH2M HILL in any tax audits, tax assessment reviews, or tax challenges.

3.4 Final Payment

- A. The SUBCONTRACTOR shall submit a completion invoice or voucher, designated as such, promptly upon completion of the Work, but no later than one year (or longer, as the authorized procurement representative may approve in writing) from the completion date. Upon approval of that invoice, and upon the SUBCONTRACTOR'S compliance with all terms of this Subcontract, CH2M HILL shall promptly pay any balance owed.
- B. Before final payment under this Subcontract, the SUBCONTRACTOR and each assignee whose assignment is in effect at the time of final payment shall execute and deliver a release discharging CH2M HILL and the Government, their officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this Subcontract, except:
1. Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;
 2. Claims (including reasonable incidental expenses) based upon liabilities of the SUBCONTRACTOR to third parties arising out of the performance of this Subcontract; provided, that the claims are not known to the SUBCONTRACTOR on the date of the execution of the release, and that the SUBCONTRACTOR gives notice of the claims in writing to CH2M HILL within 6 years following the release date or notice of final payment date, whichever is earlier; and
 3. Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the SUBCONTRACTOR under the patent clauses of this Subcontract, excluding, however, any expenses arising from the SUBCONTRACTOR'S indemnification of the Government against patent liability.
- C. Any invoice submitted, which fails to comply with the terms of this Subcontract, including the requirements of form and documentation, may be returned to SUBCONTRACTOR. Any costs associated with the resubmission of a proper invoice shall be to SUBCONTRACTOR's account. Final payment shall not relieve the SUBCONTRACTOR of any obligation under this Subcontract.

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3.5 Cash Discounts

Cash discounts will apply from the date a correct, properly supported invoice is received by CH2M HILL.

3.6 Accruals

This provision applies to all service Subcontracts unless the Subcontract is for one-time work which will be billed during the month the work was performed, if the Subcontract includes automatic payments made by the 15th of each month rather than requiring individual invoices.

It is mandatory for continued acceptable performance under this Subcontract that the SUBCONTRACTOR provide monthly to Accounts Payable the best estimate of the total billable cost (invoiced plus invoiceable) from inception of the Subcontract through the current calendar month end. This information must be provided in writing by email (preferred), fax, or mail by the 15th of each month. This data must be provided for each Subcontract release until all payments are received and the Subcontract is complete.

E-mail: Accruals-CHG@rl.gov

Fax: (509) 372-8036

Mailing Address:

CH2MHILL Hanford Group, Inc.

ATTN: Accounts Payable / MSIN H6-09

PO Box 1500

Richland, WA 99352

Monthly Subcontract-to-Date Cost Estimate Form can be obtained at the following Internet Address:

<http://www.hanford.gov/chmpmm/?page=19&parent=12>

3.7 Right to Offset

CH2M HILL, without waiver or limitation of any rights or remedies of CH2M HILL, shall be entitled from time to time to deduct from any amounts due or owing by CH2M HILL to SUBCONTRACTOR in connection with this Subcontract (or any other Subcontract with CH2M HILL), any and all amounts owed by SUBCONTRACTOR to CH2M HILL or the Government in connection with this Subcontract.

3.8 Interest Payment

No interest is payable to SUBCONTRACTOR for any claim it may have, except that specifically imposed by a court of competent jurisdiction on any judgment, and then only in accordance with the terms of the judgment.

ARTICLE 4.0 OBLIGATIONS OF SUBCONTRACTOR

4.1 Independent Contractor

SUBCONTRACTOR is an independent contractor and shall maintain complete control of and responsibility for its employees, lower-tier Subcontractors, and agents. SUBCONTRACTOR shall also be solely responsible for the means and methods for carrying out the Work and for the safety of its employees. Nothing contained in this Subcontract shall be construed to create any employer-employee relationship between SUBCONTRACTOR's employees and CH2M HILL or to create a contractual relationship between Government and SUBCONTRACTOR

4.2 Authorization for Lower-Tier Subcontracting*

SUBCONTRACTOR shall not further Subcontract performance of all or any portion of the Work under this Subcontract, except as disclosed in the SUBCONTRACTOR's proposal or quotation without first notifying CH2M HILL and obtaining CH2M HILL's written acceptance (consent) for subcontracting the Work and approval of a lower-tier Subcontractor.

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4.3 Right of Access*

CH2M HILL, its Clients, or agents shall have the right to inspect and evaluate SUBCONTRACTOR's facilities at any time during the procurement process and performance (from Subcontract award through final payment). CH2M HILL, its Clients, or agents shall have the right of access to lower-tier Subcontractors for the purpose of verifying the quality of their Work. Access to lower-tier Subcontractors shall be coordinated through the SUBCONTRACTOR and verification may be performed jointly with the SUBCONTRACTOR.

4.4 SUBCONTRACTOR Responsibility*

SUBCONTRACTOR agrees that it is fully responsible to CH2M HILL for the acts and omissions of SUBCONTRACTOR'S lower-tier Subcontractors and of persons either directly or indirectly employed by them and for the acts and omissions of persons directly employed by SUBCONTRACTOR. SUBCONTRACTOR shall not be relieved of its responsibility for the Work by virtue of any lower-tier Subcontracts it may place regardless of CH2M HILL's acceptance of such lower-tier Subcontract.

The SUBCONTRACTOR is responsible for the quality of work, material, and equipment supplied under the term of this Subcontract. SUBCONTRACTOR management and employees are expected to learn from experience, prevent adverse operating incidents, and share good work practices and lessons learned. The SUBCONTRACTOR shall be responsible for assuring that all lower-tier Subcontractors implement adequate quality, process, cost, schedule and safety controls. All applicable technical and quality requirements imposed by this Subcontract shall be flowed down to lower-tier Subcontractors through appropriate procurement documents. The SUBCONTRACTOR retains the responsibility for the quality of all work, material, and equipment provided by lower-tier Subcontractors.

The SUBCONTRACTOR shall hold a pre-fabrication conference with CH2M HILL prior to starting fabrication of items by SUBCONTRACTOR and/or its lower-tier Subcontractors.

Nothing contained in this Subcontract will be construed to create any contractual relationship between any lower-tier Subcontractor and CH2M HILL.

4.5 SUBCONTRACTOR Certification*

SUBCONTRACTOR will provide certification that any lower-tier Subcontractor has the necessary permits and licenses for the lower-tier Subcontractor's Work to be performed. If any portion of the Work, which has been subcontracted by the SUBCONTRACTOR, and is not, performed in accordance with this Subcontract, on request by CH2M HILL, the lower-tier Subcontractor will be replaced at no additional cost to CH2M HILL and will not be employed again on the Subcontract unless so authorized by CH2M HILL.

4.6 SUBCONTRACTOR Assignment*

SUBCONTRACTOR shall include a provision in every lower-tier Subcontract that authorizes assignment of such lower-tier Subcontracts to CH2M HILL or the Government without requiring further consent from such lower-tier Subcontractor.

4.7 SUBCONTRACTOR Communications*

Following notice to the SUBCONTRACTOR, CH2M HILL shall have the right to contact SUBCONTRACTOR's lower-tier Subcontractors to discuss the lower-tier Subcontractor's Work progress.

4.8 Organizational Conflicts of Interest*

SUBCONTRACTOR warrants that, to the best of its knowledge and belief, and except as otherwise disclosed, that the SUBCONTRACTOR has disclosed all such relevant information to CH2M HILL prior to award of this Subcontract and that there are no facts which could give rise to an organizational conflict of interest during the Work's performance.

4.9 Warranties*

SUBCONTRACTOR warrants that all supplies and services provided under this Subcontract shall conform to the Statement of Work and/or specification included in this Subcontract. SUBCONTRACTOR further warrants that all supplies provided as part of the Work shall be new, not refurbished or reconditioned; preserved, packaged, marked and prepared in a manner conforming to

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the requirements of applicable law and regulation and this Subcontract; and of an even kind, quality and quantity within each unit and among all units.

These warranty obligations shall survive for one (1) year after acceptance of the supplies or the completion of performance of the Work hereunder unless a longer warranty period is called for in any writing including, without limitation, specifications, drawings or proposals furnished by or to CH2M HILL. CH2M HILL shall notify SUBCONTRACTOR of any warranty claim within thirty (30) days after discovering the basis to raise to such claim.

SUBCONTRACTOR shall bear all costs and risk for correction or replacement of defective supplies or services, and in the case of supplies, for the cost of returning the defective supplies to SUBCONTRACTOR and the return of conforming supplies to CH2M HILL. Any of the supplies or parts thereof, corrected or furnished in replacement under this Warranty provision, shall also be subject to the terms of this Paragraph to the same extent as the supplies initially delivered. If replacement or correction is not completed promptly after notice of the defect or if a cure does not appear feasible, CH2M HILL shall have the right to either (i) obtain equivalent supplies or services from other sources (or to provide such supplies or services from internal sources) and to charge the cost thereof to SUBCONTRACTOR or (ii) demand a refund of the funds paid by CH2M HILL for the defective supplies or services. At CH2M HILL's request, SUBCONTRACTOR shall provide a schedule for completing any proposed cure for defective supplies or services. Failure to provide a schedule within ten (10) working days shall be deemed grounds for CH2M HILL to exercise its rights under this provision.

If SUBCONTRACTOR disputes CH2M HILL's warranty claim, SUBCONTRACTOR shall nevertheless proceed to correct or replace the defective supplies or services. In the event it is later determined that the supplies or services were not defective, CH2M HILL shall equitably adjust the amount paid or to be paid under the Subcontract to compensate SUBCONTRACTOR for the additional supplies or services provided, subject to offset for any conforming supplies returned by CH2M HILL.

SUBCONTRACTOR shall provide instructions for pick up or disposal of defective supplies. Notwithstanding the provision entitled "Notice of Completion and Final Acceptance" hereof, title to, and risk of loss of, defective supplies that are returned for replacement or refund shall revert to SUBCONTRACTOR upon notice of the defect. If SUBCONTRACTOR fails to furnish timely disposition instructions, CH2M HILL may dispose of the defective supplies for SUBCONTRACTOR's account in a reasonable manner. CH2M HILL is entitled to reimbursement from SUBCONTRACTOR, or from the proceeds of such disposal, for the reasonable expenses of the care and disposition of the defective supplies, as well as for excess costs incurred or to be incurred as a result of the breach of warranty. The rights and remedies of CH2M HILL provided in this Paragraph are in addition to and do not limit any rights afforded to CH2M HILL by applicable law or any other term of this Subcontract.

Without limiting SUBCONTRACTOR's liability under the warranty set out above, SUBCONTRACTOR shall assign to CH2M HILL all manufacturer's warranties for supplies provided to CH2M HILL or other property acquired by SUBCONTRACTOR at CH2M HILL's expense to which CH2M HILL takes title under the provision entitled "Notice of Completion and Final Acceptance."

4.10 Final Acceptance

When the SUBCONTRACTOR deems the Work fully completed, including satisfactory completion of such inspections, tests and documentation as are specified in this Subcontract, the SUBCONTRACTOR shall, within ten (10) working days thereafter, give a written notice specifying the Work completed and the date it was completed. Within thirty (30) calendar days after receipt of the notice, CH2M HILL shall inspect the Work and shall either reject the Work and specify defective or uncompleted portions of the Work, or shall give the SUBCONTRACTOR a written Notice of Acceptance of the Work either for the purpose of final payment only, or for the purposes of final payment and final acceptance.

In the event CH2M HILL rejects the Work and specifies defective or uncompleted portions of the Work, SUBCONTRACTOR shall, within five (5) working days, provide for CH2M HILL review and approval, a schedule detailing when all defects will be corrected and/or when the Work will be completed and shall proceed to remedy such defective and uncompleted portions of the Work. Thereafter, the SUBCONTRACTOR shall again give CH2M HILL a written notice of completing the Work, specifying a new date for the completion of the Work based upon the date such defective or uncompleted portions of the Work were corrected. The foregoing procedure shall apply again and successively thereafter until CH2M HILL has given SUBCONTRACTOR written final acceptance for purposes of final payment.

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Any failure by CH2M HILL to inspect or to reject the Work or to reject SUBCONTRACTOR's notice of completion as set forth above, shall not be deemed to be final acceptance of the Work for any purpose by CH2M HILL nor imply acceptance of, or agreement with, said notice.

4.11 Non-Conformance Reports (NCRs)

Nonconformance Reports (NCRs) generated by SUBCONTRACTOR, lower-tier Subcontractors and suppliers of items with the proposed disposition of "Use as is" or "Repair" shall be submitted for approval to CH2M HILL Design Authority, Engineering, and Quality Assurance before SUBCONTRACTOR initiates any remedial action on the nonconformance.

4.12 Price Anderson Amendment Act (PAAA)

As a government Prime Contractor providing nuclear safety-related services to the Department of Energy, CH2M HILL is required by contract to comply with the nuclear safety rules contained in the following regulations:

- 10 CFR 820, *Procedural Rules for DOE Nuclear Activities*,
- 10 CFR 830, *Nuclear Safety Management*,
- 10 CFR 835, *Occupational Radiation Protection*, and
- 10 CFR 708, *Contractor Employee Protection*.

If specified in the Subcontract, one or more of the nuclear safety regulations identified above have been determined to apply to this Work and therefore compliance is incumbent upon the SUBCONTRACTOR. The SUBCONTRACTOR will flow down these PAAA requirements to its lower-tier Subcontractors for Work performed under this Subcontract.

The SUBCONTRACTOR will accurately, completely, and voluntarily report the nature and actions taken in response to any non-compliance with the nuclear safety rules to the CH2M HILL PAAA Director, via the authorized procurement representative, and will take prompt and comprehensive corrective action to prevent recurrence.

4.13 Indemnification*

SUBCONTRACTOR agrees to defend, indemnify and hold harmless CH2M HILL and the Government, the affiliated companies of each, and all of their directors, officers, employees, agents and representatives, from and against:

- A. Any claim, demand, cause of action, liability, loss or expense arising by reason of SUBCONTRACTOR's failure to comply with any law, ordinance, regulation, rule or order. This clause includes, but is not limited to, fines or penalties by Government authorities and claims arising from SUBCONTRACTOR's actual or asserted failure to pay taxes.
- B. Any claim, demand, cause of action, liability, judgment or damages arising from actual or asserted violation or infringement of rights in any patent, copyright, proprietary information, trade secret or other property right caused or alleged to be caused by the use or sale of goods, materials, equipment, methods, processes, designs or information, including construction methods, construction equipment and temporary construction facilities, furnished by SUBCONTRACTOR or its lower-tier Subcontractors in performance of the Work. Should any goods or services provided by SUBCONTRACTOR become, or appear likely to become, the subject of a claim of infringement of a patent, copyright or other property right, SUBCONTRACTOR shall, at CH2M HILL's option, either procure for CH2M HILL and the Government the right to continue using such goods or services, replace same with equivalent, non-infringing goods or services, or modify the goods or services so that the use thereof becomes non-infringing, provided that any such modification or replacement is of equal quality and provides equal performance to the infringing good or services.
- C. Any claim, demand, cause of action, liability, judgment or damages arising from SUBCONTRACTOR's negligence or acts or omissions which results in injury to or death of persons (including employees of CH2M HILL, the Government, SUBCONTRACTOR and SUBCONTRACTOR's lower-tier Subcontractors) or results in damage to or loss of property (including the property of CH2M HILL or the Government). SUBCONTRACTOR's defense and indemnity obligations hereunder include claims and damages arising from non-delegable duties of CH2M HILL or arising from use by SUBCONTRACTOR of construction equipment, tools, scaffolding or facilities furnished to SUBCONTRACTOR by CH2M HILL or the Government.
- D. Any claim, demand, cause of action, liability, judgment or damages arising out of any act or omission by SUBCONTRACTOR that results in contamination, pollution, or public or private nuisance.

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- E. SUBCONTRACTOR's defense and indemnity obligations shall include the duty to reimburse any attorney's fees and expenses incurred by CH2M HILL or the Government for legal action to enforce SUBCONTRACTOR's indemnity obligations.
- F. In the event that the indemnity provisions in this Subcontract are contrary to the law governing this Subcontract, then the indemnity obligations applicable hereunder shall be construed to be to the fullest extent allowable by applicable law.
- G. With respect to claims by employees of SUBCONTRACTOR or its lower-tier Subcontractors, the indemnity obligations created under this clause shall not be limited by the existence of, amount, or type of benefits or compensation, payable by or for SUBCONTRACTOR, its lower-tier Subcontractors or suppliers under any workers compensation, disability benefits, or other employee benefits acts or regulations, and SUBCONTRACTOR, specifically and knowingly, waives any limitation of liability arising from workers' compensation or such other acts or regulations.

4.14 Limitation of Liability

Except to the extent that the SUBCONTRACTOR is expressly responsible under this Subcontract for deficiencies in the services required to be performed under the Subcontract (including any materials furnished in conjunction with those services), the SUBCONTRACTOR shall not be liable for loss of or damage to property of the Government that (1) occurs after CH2M HILL acceptance of services performed under this Subcontract and (2) results from any defects or deficiencies in the services performed or materials acceptably furnished.

The limitation of liability shall not apply when a defect or deficiency in, or CH2M HILL's acceptance of, services performed or materials furnished results from willful misconduct or lack of good faith on the part of any of the SUBCONTRACTOR's managerial personnel. The term "SUBCONTRACTOR's Managerial Personnel", as used in this clause, means the SUBCONTRACTOR's directors, officers, and any of the SUBCONTRACTOR's managers, superintendents, or equivalent representatives who have supervision or direction of:

All or substantially all of the SUBCONTRACTOR's business;

All or substantially all of the SUBCONTRACTOR's operations at any one plant, laboratory, or separate location at which the Subcontract is being performed; or

A separate and complete major industrial operation connected with the performance of the Subcontract.

If the SUBCONTRACTOR carries insurance, or has established a reserve for self-insurance, covering liability for loss or damage suffered by the Government or CH2M HILL through the SUBCONTRACTOR's performance of services or furnishing of material under this Subcontract, the SUBCONTRACTOR shall be liable to the Government or CH2M HILL, to the extent of such insurance or reserve, for loss of or damage to property of the Government occurring after CH2M HILL's acceptance of, and resulting from any defects and deficiencies, in services performed or materials furnished under this Subcontract.

The SUBCONTRACTOR shall include this provision, including this paragraph, supplemented as necessary to reflect the relationship of the subcontracting parties, in all lower-tier Subcontracts over \$25,000.

4.15 Codes, Laws, and Regulations*

SUBCONTRACTOR shall comply strictly with local, municipal, state, federal and governmental laws, orders, codes and regulations applicable to SUBCONTRACTOR's operations in the performance of the Work hereunder. Prior to offering the item or service for acceptance, the SUBCONTRACTOR shall verify and document that the item or service being furnished complies with the procurement requirements. Where required by code, regulation, or Subcontract requirement, documentary evidence that items conform to procurement documents shall be available at the facility site prior to installation or use.

SUBCONTRACTOR shall not, under any circumstances apply to or enter into negotiations with any governmental authority or agency for acceptance of variations from or revisions to safety or health, or environmental laws or regulations relating to this Subcontract or to the performance thereof, without CH2M HILL's prior written approval.

SUBCONTRACTOR shall not, under any circumstances, cause or permit, in connection with the Work to be performed hereunder, the discharge, emission or release of any hazardous substance and/or waste, pollutant, contaminant or other substance in violation of any applicable laws, rules or regulations which are now or hereafter promulgated by any governmental authorities having jurisdiction over the Work. SUBCONTRACTOR shall comply with all regulatory requirements applicable to the Work performed under this Subcontract and shall be responsible for compliance with all hazardous waste, health and safety, notice,

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training, and environmental protection laws, rules, regulations and requirements. "Hazardous waste" includes all substances, which are or may be identified as such in applicable Federal or State laws or regulations. SUBCONTRACTOR shall submit to CH2M HILL material safety data sheets (OSHA Form 20) as required by applicable regulation.

As an inducement to award of this Subcontract, SUBCONTRACTOR warrants full compliance and that it will adhere to all applicable project hazardous waste procedures and, if necessary, obtain or arrange for, at its expense and in accordance with the terms of this Subcontract, all identification numbers, permits, applications and other requirements in connection with the Work. SUBCONTRACTOR agrees that it will not store any hazardous wastes at the jobsite for periods in excess of ninety (90) days or in violation of the applicable jobsite storage limitations imposed by law, the Government or CH2M HILL, whichever shall be more restrictive. SUBCONTRACTOR further agrees that it will not permit any accumulation in excess of the small quantity generator exclusion of 40 CFR, Part 261, or other applicable laws, as amended. SUBCONTRACTOR agrees to take, at its expense all actions necessary to protect third parties, including without limitation, employees and agents of the Government and CH2M HILL from any exposure to, or hazards of, hazardous and/or toxic wastes or substances generated or utilized in SUBCONTRACTOR's operations. SUBCONTRACTOR agrees to report to the appropriate governmental agencies all discharges, releases, and spills of hazardous substances and/or wastes required to be reported by law and to immediately notify CH2M HILL of the same.

4.16 Foreign Ownership, Control, and Influence*

For purposes of this provision, a foreign interest is defined as any of the following:

- A foreign government or foreign government agency;
- Any form of business enterprise organized under the laws of any country other than the United States or its possessions;
- Any form of business enterprise organized or incorporated under the laws of the United States, or a State or other jurisdiction within the United States, which is owned, controlled, or influenced by a foreign government, agency, firm, corporation or person; or
- Any person who is not a United States citizen.

Foreign ownership, control, or influence (FOCI) means the situation where the degree of ownership, control, or influence over a SUBCONTRACTOR by a foreign interest is such that a reasonable basis exists for concluding that compromise of classified information or special nuclear material, as defined in 10 CFR Part 710, may result.

The SUBCONTRACTOR shall immediately provide CH2M HILL written notice of any changes in the extent and nature of FOCI over the SUBCONTRACTOR, which would affect the SUBCONTRACTORs status. Further, notice of changes in ownership or control, which are required to be reported to the Securities and Exchange Commission, the Federal Trade, Commission, or the Department of Justice, shall also be furnished concurrently to CH2M HILL.

In those cases where a SUBCONTRACTOR has changes involving FOCI, CH2M HILL must determine whether the changes will pose an undue risk to the common defense and security. In making this determination, CH2M HILL shall consider proposals made by the SUBCONTRACTOR to avoid or mitigate foreign influences.

If CH2M HILL at any time determines that the SUBCONTRACTOR is, or is potentially, subject to FOCI, the SUBCONTRACTOR shall comply with such instructions as CH2M HILL shall provide in writing to safeguard any classified information or significant quantity of special nuclear material.

The SUBCONTRACTOR agrees to insert terms that conform substantially to the language of this provision including this paragraph in all lower-tier Subcontracts under this Subcontract that will require access to classified information or a significant quantity of special nuclear material. Information to be provided by a lower-tier Subcontractor pursuant to this provision may be submitted directly to CH2M HILL.

Information submitted by the SUBCONTRACTOR or any affected lower-tier Subcontractor as required pursuant to this clause shall be treated by CH2M HILL to the extent permitted by law, as business or financial information submitted in confidence to be used solely for purposes of evaluating FOCI.

The requirements of this provision are in addition to the requirement that a SUBCONTRACTOR obtain and retain the security clearances required by the Subcontract. This provision shall not operate as a limitation on CH2M HILL's rights, including its rights to terminate this Subcontract.

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CH2M HILL may terminate this Subcontract for default either if the SUBCONTRACTOR fails to meet obligations imposed by this provision (e.g., provide the information required by this provision, comply with CH2M HILL's instructions about safeguarding classified information, or make this provision applicable to lower-tier Subcontractors) or if, in CH2M HILL's judgment, the SUBCONTRACTOR creates a FOCI situation in order to avoid performance or a termination for default. CH2M HILL may terminate this Subcontract for convenience if the SUBCONTRACTOR becomes subject to FOCI and for reasons other than avoidance of performance of the Subcontract, cannot, or chooses not to, avoid or mitigate the FOCI problem.

4.17 Publicity*

SUBCONTRACTOR will not disclose the nature of its Work under this Subcontract or engage in any other publicity or public media disclosures with respect to this Subcontract without the prior written consent of CH2M HILL.

4.18 Key Personnel

Certain SUBCONTRACTOR employees may be designated as Key Personnel in this Subcontract. The SUBCONTRACTOR agrees those individuals determined to be key individuals will not be changed or reassigned without the written agreement of CH2M HILL. If any of the designated key personnel become unavailable for assignment for Work under this Subcontract, the SUBCONTRACTOR, with the prior approval of CH2M HILL, will replace the employee with an individual substantially equal in abilities or qualifications.

4.19 Suspension of Work*

The authorized procurement representative may order the SUBCONTRACTOR, in writing, to suspend, delay, or interrupt all or any part of the Work of this Subcontract for the period of time that the authorized procurement representative determines appropriate for the convenience of CH2M HILL. The notice of suspension shall specify the date of suspension and the estimated duration of the suspension. Such suspensions under this Subcontract shall not exceed one hundred eighty (180) consecutive calendar days each nor in aggregate more than two hundred seventy (270) calendar days.

Upon receiving any such notice of suspension, the SUBCONTRACTOR shall promptly suspend further performance of the Work to the extent specified, and during the period of such suspension shall properly care for and protect all Work in progress and materials, supplies and equipment that the SUBCONTRACTOR has on hand for performance of the Work. Upon the request of CH2M HILL, the SUBCONTRACTOR shall promptly deliver to CH2M HILL copies of outstanding Subcontracts of the SUBCONTRACTOR, and shall take such action relative to such Subcontracts as may be directed by CH2M HILL. The SUBCONTRACTOR shall use its best efforts to utilize its material, labor, and equipment in such a manner as to mitigate costs associated with the suspension.

CH2M HILL may at any time withdraw the suspension of Work as to all or part of the suspended Work by written notice to the SUBCONTRACTOR specifying the effective date and scope of withdrawal, and the SUBCONTRACTOR shall resume diligent performance of the Work for which the suspension is withdrawn on the specified effective date of withdrawal.

If the performance of all or any part of the Work exceeds the suspension days specified in this provision, an adjustment shall be made for any increase in the cost of performance of this Subcontract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the Subcontract shall be modified in writing accordingly. However, no adjustment shall be made under this provision for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the SUBCONTRACTOR, or for which an equitable adjustment is provided for or excluded under any other provision of this Subcontract. The SUBCONTRACTOR shall not be entitled to any profits or any damages because of such suspension or withdrawals of suspension.

4.20 Suspect and Counterfeit Items*

CH2M HILL reserves the right to question and/or require SUBCONTRACTOR to certify and/or furnish proof regarding the quality, authenticity, application, or fitness for use of the items supplied by the SUBCONTRACTOR under this Subcontract. The SUBCONTRACTOR shall establish and implement appropriate measures to prevent the procurement and incorporation of suspect and counterfeit parts into the deliverable for this Subcontract. In addition, the SUBCONTRACTOR shall report the discovery of suspect and counterfeit items in sufficient detail to establish all circumstances relative to the occurrence.

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Any items furnished as part of this Subcontract and which have been previously found by CH2M HILL, the Department of Energy, or the Department of Commerce to be counterfeit or which are listed by the Department of Commerce to be suspect will be deemed, without more proof, to be subject to the above requirement of further proof or certification. CH2M HILL also reserves the right to question the circumstances and make available a report of any such review to the Government. All costs associated with conducting inquiries into and reporting on, components determined to be counterfeit, shall be recovered by CH2M HILL from the SUBCONTRACTOR.

4.21 SUBCONTRACTOR Generated Documentation

Documents that furnish evidence of the quality of items and/or activities affecting quality are considered quality assurance records and shall be prepared and controlled in accordance with approved procedures. Submittal of these documents to CH2M HILL shall be accomplished as specified in the Statement of Work, specifications or other Subcontract documents.

4.22 Acquisition of Real Property

Notwithstanding any other provision of this Subcontract, the SUBCONTRACTOR will obtain prior approval from the authorized procurement representative when, in performance of this Subcontract, the SUBCONTRACTOR acquires or proposes to acquire use of real property by lease when the Government will ultimately assume the liability for, or will otherwise pay for the obligation under the lease as a reimbursable Subcontract cost.

4.23 Management of SUBCONTRACTOR-Held Government-Owned Property*

This provision specifies requirements associated with any Subcontract in which Government-Furnished Property (GFP) is either provided or purchased in accomplishing the Work.

A. Government-Furnished Property Delivered to SUBCONTRACTOR:

1. CH2M HILL shall deliver to the Subcontractor, for use in connection with and under the terms of this Subcontract, the Government-Furnished Property described in the Subcontract together with any related data and information that the Subcontractor may request and is reasonably required for the intended use of the property.
2. The delivery or performance dates for this Subcontract are based upon the expectation that Government-Furnished Property suitable for use (except for property furnished "as is") will be delivered to the SUBCONTRACTOR at the times stated in the Subcontract. If not so stated, in sufficient time to enable the SUBCONTRACTOR to meet the Subcontract's delivery or performance dates.
3. If Government-Furnished Property is received by the SUBCONTRACTOR in a condition not suitable for the intended use, the SUBCONTRACTOR shall, upon receipt, notify the authorized procurement representative, detailing the facts, and, as directed by the authorized procurement representative and at CH2M HILL expense, either repair, modify, return, or otherwise dispose of the property. After completing the directed action and upon written request by the SUBCONTRACTOR, the authorized procurement representative shall assess an equitable adjustment as provided in paragraph H of this provision.
4. If Government-Furnished Property is not delivered to the SUBCONTRACTOR by the required time, the authorized procurement representative shall, upon the SUBCONTRACTOR's timely written request, make a determination of the delay, if any, caused the SUBCONTRACTOR, and shall make an equitable adjustment in accordance with paragraph H.

B. Changes in Government-Furnished Property:

1. CH2M HILL may, by written notice,
 - a. Decrease the Government-Furnished Property provided or to be provided under this Subcontract, or
 - b. Substitute other Government-Furnished Property for the property to be provided by CH2M HILL, or to be acquired by the SUBCONTRACTOR for CH2M HILL, under this Subcontract. The SUBCONTRACTOR shall promptly take such action as the authorized procurement representative may direct regarding the removal, shipment, or disposal of the property covered by such notice.
2. Upon the SUBCONTRACTOR 's written request, CH2M HILL shall assess an equitable adjustment to the Subcontract in accordance with paragraph H, if CH2M HILL has agreed in the Subcontract to make the property available for performing this Work and there is any
 - a. Decrease or substitution in this property pursuant to subparagraph B.1; or
 - b. Withdrawal of authority to use this property, if provided under any other Subcontract.

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- C. Title in Government Property:
1. The GOVERNMENT shall retain title to all Government-Furnished Property.
 2. All Government-Furnished Property and all property acquired by the SUBCONTRACTOR, title to which vests in the Government under this paragraph are subject to these provisions. Title to Government property shall not be affected by its incorporation into or attachment to any property not owned by the Government, nor shall Government property become a fixture or lose its identity as personal property by being attached to any real property.
 3. Title to each item of facilities and special test equipment acquired by the SUBCONTRACTOR for CH2M HILL under this Subcontract shall pass to and vest in the Government when its use in performing this Subcontract commences or when the CH2M HILL has paid for it, whichever is earlier, whether or not title previously vested in the Government.
 4. If this Subcontract contains a provision directing the SUBCONTRACTOR to purchase material for which CH2M HILL will reimburse the SUBCONTRACTOR as a direct item of cost under this Subcontract –
 - a. Title to material purchased from a vendor shall pass to and vest in the Government upon the vendor's delivery of such material; and
 - b. Title to all other material shall pass to and vest in the Government upon –
 - i. Issuance of the material for use in Subcontract performance;
 - ii. Commencement of processing of the material or its use in Subcontract performance; or
 - iii. Reimbursement of the cost of the material by CH2M HILL, whichever occurs first.
- D. The Government property shall be used only for performing Work under this Subcontract, unless otherwise provided in this Subcontract or approved by the authorized procurement representative.
- E. Property Administration:
1. The SUBCONTRACTOR shall be responsible and accountable for all Government property provided under this Subcontract and shall comply with Federal Acquisition Regulation (FAR) Subpart 45.5, as in effect on the date of this Subcontract.
 2. The SUBCONTRACTOR shall establish and maintain a program for the use, maintenance, repair, protection, and preservation of Government property in accordance with sound industrial practice and the applicable provisions of Subpart 45.5 of the FAR.
 3. If damage occurs to Government property, the risk of which has been assumed by CH2M HILL under this Subcontract, CH2M HILL shall replace the items or the SUBCONTRACTOR shall make such repairs as the authorized procurement representative directs. However, if the SUBCONTRACTOR cannot effect such repairs within the time required, the SUBCONTRACTOR shall dispose of the property as directed by the authorized procurement representative. When any property for which the CH2M HILL is responsible is replaced or repaired, the authorized procurement representative shall assess an equitable adjustment in accordance with paragraph H.
 4. The SUBCONTRACTOR represents that the Subcontract price does not include any amount for repairs or replacement for which CH2M HILL is responsible. Repair or replacement of property for which the SUBCONTRACTOR is responsible shall be accomplished by the SUBCONTRACTOR at its own expense.
- F. The Government, CH2M HILL, and all their designees shall have access at all reasonable times to the premises in which any Government property is located for the purpose of inspecting the Government property.
- G. Unless otherwise provided in this Subcontract, the SUBCONTRACTOR assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, Government property upon its delivery to the Subcontractor or upon passage of title to the Government under paragraph C. of this provision. However, the SUBCONTRACTOR is not responsible for reasonable wear and tear to Government property or for Government property properly consumed in performing this Subcontract.
- H. When this provision specifies an equitable adjustment, it shall be made to any affected Subcontract provision in accordance with the procedures of the Changes provision specified in this Subcontract. When appropriate, the authorized procurement representative may initiate an equitable adjustment in favor of CH2M HILL. The right to an equitable adjustment shall be the SUBCONTRACTOR's exclusive remedy. CH2M HILL shall not be liable to suit for breach of Subcontract for:
1. Any delay in delivery of Government-Furnished Property;
 2. Delivery of Government Furnished Property in a condition not suitable for its intended use;
 3. A decrease in or substitution of Government-Furnished Property; or

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4. Failure to repair or replace Government property for which the Government is responsible.
- I. Upon completing this Subcontract, or at such earlier dates as may be fixed by CH2M HILL, the SUBCONTRACTOR shall submit, in a form acceptable to the authorized procurement representative, inventory schedules covering all items of Government property (including any resulting scrap) not consumed in performing this Subcontract or delivered to CH2M HILL. The SUBCONTRACTOR shall prepare for shipment, deliver f.o.b. origin, or dispose of the Government property as may be directed or authorized by the CH2M HILL authorized procurement representative. The net proceeds of any such disposal shall be credited to the Subcontract price or shall be paid to CH2M HILL as the authorized procurement representative directs.
- J. Unless otherwise provided herein, CH2M HILL:
1. May abandon any Government property in place, at which time all obligations of CH2M HILL regarding such abandoned property shall cease; and
 2. Has no obligation to restore or rehabilitate the SUBCONTRACTOR's premises under any circumstances (e.g., abandonment, disposition upon completion of need, or upon Subcontract completion). However, if the Government-Furnished Property (listed in the Subcontract) is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph H of this provision may properly include restoration or rehabilitation costs.
- K. All communications under this provision shall be in writing and directed to the authorized procurement representative.
- L. If this Subcontract is to be performed outside of the United States of America, its territories, or possessions, the words "Government" and "Government-Furnished" (wherever they appear in this provision) shall be construed as "United States Government" and "United States Government-Furnished," respectively.

4.24 Holiday and Work Schedules

Daily work schedules and facility operations are NOT uniform among Hanford Site Contractors. In addition, some organizations and facilities observe alternate Friday closures. Accordingly, BEFORE scheduling deliveries, the SUBCONTRACTOR shall make specific schedule arrangements for the delivery of services or materials with the authorized procurement representative, Facility Manager, Delivery Warehouse Manager, or Building Manager, etc. The authorized procurement representative will not be liable for the cost of any delays, demurrage, layover, extra travel days, etc. which result from SUBCONTRACTOR's failure to obtain a specific schedule in advance. Current Hanford Site Facility Closure days are: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day (and following Friday), Christmas Eve and Christmas Day.

4.25 SUBCONTRACTOR's Personnel and Notification

Any employee of the SUBCONTRACTOR deemed by CH2M HILL, in their sole judgment, to be objectionable shall be removed from the job-site immediately upon authorized procurement representative request and shall be promptly replaced by the SUBCONTRACTOR at no extra expense to CH2M HILL. The SUBCONTRACTOR shall nevertheless retain all authority and control over its employees, including responsibility for all costs arising from providing reasonable accommodations for its employees.

Upon verbal or written notification by the authorized procurement representative that a SUBCONTRACTOR employee's services are no longer required under this Subcontract, the SUBCONTRACTOR shall notify the impacted employee within twenty-four (24) hours of receiving authorized procurement representative notification. The SUBCONTRACTOR then shall confirm in writing within twenty-four (24) hours to the authorized procurement representative that notification has been given to the impacted employee.

If requested by the authorized procurement representative, The SUBCONTRACTOR shall furnish CH2M HILL with the names and addresses of lower-tier Subcontractors and others who have performed or are performing the Work under this Subcontract.

4.26 Lowest Price Warranty

SUBCONTRACTOR warrants that the prices set forth in this Subcontract do not exceed those charged by SUBCONTRACTOR to any other customers purchasing the same item in like or comparable quantities.

The authorized procurement representative or an authorized representative shall have the right to examine the records of the SUBCONTRACTOR as necessary to assure that the prices charged for the item under this Subcontract do not exceed those charged by the SUBCONTRACTOR to any other customer purchasing the same items in like or comparable quantities.

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4.27 Permits, Licenses, and Fees

SUBCONTRACTOR will obtain and pay for all applicable permits and licenses required by law that are associated with the Work.

ARTICLE 5.0 OBLIGATIONS OF CH2M HILL

5.1 Changes

The Work shall be subject to change by additions, deletions or revisions thereto by CH2M HILL. The SUBCONTRACTOR will be notified of such changes by receipt of additional and/or revised drawings, specifications, exhibits or other written notification.

The SUBCONTRACTOR shall submit to CH2M HILL within ten (10) working days after receipt of notice of a change, a detailed proposal with supporting calculations and pricing for the change together with any requested adjustments in the schedule. The pricing shall be itemized as required by CH2M HILL and shall be in sufficient detail to permit an analysis of all labor, material and equipment and shall cover all Work involved in the change, whether such Work was deleted, added or modified. Amounts related to Subcontracts shall be supported in similar detail. In addition, if the proposal includes a time extension, justification therefore shall also be furnished.

The SUBCONTRACTOR shall not perform changes in the Work until CH2M HILL has approved in writing the change and any adjustment in the schedule for performance of the Work. Upon receiving such written approval from CH2M HILL, the SUBCONTRACTOR shall diligently perform the change in strict accordance with the Subcontract.

Notwithstanding the paragraph above, the authorized procurement representative may expressly authorize the SUBCONTRACTOR in writing to perform the change prior to approval by CH2M HILL. The SUBCONTRACTOR shall not suspend performance of the Subcontract during the review and negotiation of any change, except as may be directed by CH2M HILL pursuant to the "Suspension of Work" provision.

The SUBCONTRACTOR shall not comply with verbally directed changes to the Work. If the SUBCONTRACTOR believes that any oral notice or instruction received from CH2M HILL will involve a change in the cost, time to perform or integrity of Work, the SUBCONTRACTOR shall require that the notice or instruction be given in writing by the authorized procurement representative. Any costs incurred by SUBCONTRACTOR to perform verbally directed changes shall be the SUBCONTRACTOR's responsibility, and the SUBCONTRACTOR waives any and all rights to a claim from CH2M HILL for such costs or additional time to perform the Work as a result of compliance by the SUBCONTRACTOR with such verbally directed changes.

5.2 Technical Representative Responsibilities

CH2M HILL has elsewhere in this Subcontract designated the Buyer's Technical Representative (BTR). The BTR is responsible for monitoring and providing technical guidance for this Subcontract and should be contacted regarding questions or problems of a technical nature. The BTR is also responsible for appropriate surveillance of the SUBCONTRACTOR while on the Hanford site. In no event, however, will an understanding or agreement, modification, change order, or any deviation from the terms of this Subcontract be effective or binding upon CH2M HILL unless formalized by proper Subcontract documents executed by the authorized procurement representative prior to completion of this Subcontract. On all matters that pertain to Subcontract terms, the SUBCONTRACTOR shall contact the authorized procurement representative specified within the Subcontract. When in the opinion of the SUBCONTRACTOR, the BTR requests or directs efforts outside the existing scope of the Subcontract, the SUBCONTRACTOR shall promptly notify the authorized procurement representative in writing. No action shall be taken by the SUBCONTRACTOR until the authorized procurement representative has issued an appropriate modification to the Subcontract.

ARTICLE 6.0 GENERAL LEGAL PROVISIONS

6.1 Confidential and Proprietary Information

CH2M HILL possesses information of a confidential and proprietary nature about businesses, products, services, and processes of CH2M HILL and the Government. This information, which relates to designs, technical experience, classified information, software, processing systems, databases, financial and other data, intellectual property including trade secrets, customers and vendors, personnel records, research, development, inventions, construction plans, manufacturing, engineering, accounting, bid data, sales and marketing including Subcontract terms, and any information generated pursuant to Work performed in accordance with the Subcontract

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(collectively, Confidential Information), constitutes a commercial asset of considerable value to CH2M HILL and the Government. SUBCONTRACTOR shall use such Confidential Information only for the purpose of performing Work in accordance with the Subcontract and not disclose such Confidential Information to any other person (including the media for purposes of publicity), partnership, venture, firm, Government, or corporation without the express written direction of CH2M HILL or the Government, as appropriate. SUBCONTRACTOR further shall make all reasonable efforts to require its employees and any others, including lower-tier subcontractors, to maintain such Confidential Information in strictest confidence.

Confidential Information shall not include the following:

- Information that is acquired by SUBCONTRACTOR from others who have no confidential commitment to CH2M HILL or the Government; or
- Information that is part of the public domain or becomes, without fault or participation of SUBCONTRACTOR, part of the public domain, by publication or otherwise; or
- Information that is in SUBCONTRACTOR's possession prior to CH2M HILL's or the Government's disclosure to it; or
- Information that is developed independently by SUBCONTRACTOR; or
- Information that is required to be publicly disclosed under operation of law, for which SUBCONTRACTOR will provide at least five (5) calendar days notice to CH2M HILL or the Government, as appropriate, before disclosure.

All drawings, specifications, prints, financial and other data, and any other written or electronically encoded materials (collectively, 'Documentation') furnished by CH2M HILL and the Government to SUBCONTRACTOR shall remain CH2M HILL's property. In addition, all Documentation developed by SUBCONTRACTOR in the performance of Work in accordance with the Subcontract shall become CH2M HILL's property. Upon completion of Work, SUBCONTRACTOR shall either destroy or return such Documentation and any other Confidential Information reduced to tangible or electronic form, including copies thereof, to CH2M HILL unless CH2M HILL consents to otherwise.

Nothing contained in the Subcontract, or in any disclaimer made by CH2M HILL or the Government, shall be construed to grant SUBCONTRACTOR any license or other rights in or to disclosed Confidential Information or any patent, trademark, or copyright that has been or may be issued unless expressly conveyed by written agreement exclusive of the Subcontract.

In the event that Work performed by SUBCONTRACTOR in accordance with the Subcontract involves the collection or generation of data on persons or associations, SUBCONTRACTOR shall maintain strict confidentiality of records in accordance with the Privacy Act of 1974 (5 U.S.C. 552a), provisions of the Fair Credit Reporting Act (15 U.S.C. 1681), and applicable federal and state agency regulations. Violations of these statutes may result in criminal penalties.

6.2 Claims for Extra Work

In any case where the SUBCONTRACTOR anticipates additional compensation will become due, the SUBCONTRACTOR will notify the authorized procurement representative, in writing, of its intention to make a claim for such compensation before it begins the extra Work on which it bases the claim. If such notification is not given and the SUBCONTRACTOR fails to keep strict account of actual costs for this extra Work, then the SUBCONTRACTOR hereby waves any claim for such additional compensation. Such notice by SUBCONTRACTOR, and the accounting of the SUBCONTRACTOR's actual costs for the extra Work, will not be construed as proving the validity of the claim. Claims for additional compensation shall be made in detail and submitted, in writing, to the authorized procurement representative within ten (10) working days of identifying this effort as extra Work for which the SUBCONTRACTOR bases its claim. The submission shall contain a detailed proposal with supporting calculations and pricing for the claim together with any requested adjustments in the schedule. The pricing shall be itemized as required by the authorized procurement representative and shall be in sufficient detail to permit an analysis of all labor, material and equipment costs and shall cover all work involved in the claim. If the claim is found to be valid, it will be allowed and reimbursed for as provided in this Subcontract.

6.3 Assignment

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SUBCONTRACTOR shall not assign any of the duties or rights or any claim arising out of or related to this Subcontract, whether arising in tort, Subcontract or otherwise, without the written consent of CH2M HILL. Any unauthorized assignment is void and unenforceable. These conditions and the entire Subcontract are binding on the heirs, successors, and assigns of the SUBCONTRACTOR.

CH2M HILL may assign this Subcontract, in whole or in part to the Government or to such party as the Government may designate to perform CH2M HILL's obligations hereunder. Upon receipt by SUBCONTRACTOR of written notice that the Government or a party so designated by the Government or CH2M HILL has accepted an assignment of this Subcontract, CH2M HILL shall be relieved of all responsibility hereunder and SUBCONTRACTOR shall thereafter look solely to such assignee for performance of CH2M HILL's obligations.

6.4 Termination

- A. Termination for Convenience: CH2M HILL may terminate all or part of this Subcontract for its convenience. In such event, SUBCONTRACTOR will be entitled to compensation for Work performed up to the date of termination and reasonable termination expenses as determined within the discretion of CH2M HILL. SUBCONTRACTOR will not be entitled to compensation or profit on Work not performed. The termination process will be conducted in accordance with the Federal Acquisition Regulations (FAR) Part 49 and FAR 52.249-2.
- B. Termination for Default: CH2M HILL may, by written notice, terminate the whole or any part of this Subcontract for default in the event that SUBCONTRACTOR fails to perform any of the provisions of this Subcontract, or fails to make progress as to endanger performance of this Subcontract in accordance with its terms, or, in the opinion of CH2M HILL, becomes financially or legally incapable of completing the Work and does not correct such to CH2M HILL's reasonable satisfaction within a period of seven (7) calendar days after receipt of notice from CH2M HILL specifying such failure. If, after notice of termination, it is determined for any reason that SUBCONTRACTOR was not in default or that the default was excusable, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to " termination for convenience." In the event of termination for default, the SUBCONTRACTOR will not be entitled to termination expenses. The termination process will be conducted in accordance with Federal Acquisition Regulations (FAR) Part 49 and FAR 52.249-8.
- C. Regardless of the cause of termination, the SUBCONTRACTOR shall deliver to CH2M HILL legible copies of all completed or partially completed Work products and instruments of service and all materials and equipment previously paid for by CH2M HILL.
- D. In no case shall termination for any cause constitute a claim for consequential damages or damages based on loss of anticipated profits.
- E. The rights and remedies of CH2M HILL provided in this provision are not exclusive and are in addition to any other rights and remedies provided by law or equity or under this Subcontract.

6.5 Governing Law

Irrespective of the place of performance, this Subcontract will be construed and interpreted according to Federal Government Contract Law as enunciated and applied by Federal judicial bodies, Boards of Contract Appeals and quasi-judicial agencies of the Federal Government. To the extent that this law is not dispositive, the law of the State of Washington shall apply. In the event that either party hereto must resort to litigation to enforce a right or remedy conferred by law, equity or the provisions of this Subcontract, the parties hereby consent to the action being brought in the court of competent jurisdiction in the State of Washington.

6.6 Severability and Survival

If any of the provisions contained in this Subcontract are held invalid, illegal, or unenforceable, the enforceability of the other remaining provisions shall not be affected or impaired thereby. Limitations of liability, indemnities, and other express representations shall survive termination of this Subcontract for any cause.

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6.7 Authorization to Proceed

Execution of this Subcontract by CH2M HILL will be authorization for the SUBCONTRACTOR to proceed with the Work unless otherwise indicated in this Subcontract.

6.8 No Third-Party Beneficiaries

This Subcontract conveys no rights or benefits to anyone other than SUBCONTRACTOR and CH2M HILL, and has no third-party beneficiaries.

6.9 Arbitration

In the event that CH2M HILL is required to arbitrate a dispute with a third party, which dispute arises out of or is directly related to this Subcontract, the SUBCONTRACTOR agrees to join in such arbitration proceeding as CH2M HILL may direct and shall submit to such jurisdiction and be finally bound by the judgment rendered in accordance with the arbitration rules as may be established therein.

6.10 Disputes

In the event that the parties cannot, through negotiations, reach agreement on any issue arising out of the Subcontract, the issue will be considered a dispute and shall be resolved in accordance with the following:

If efforts at resolution through good faith discussions and/or negotiations fail to resolve the dispute, the parties agree that before taking any other action, they will consider the use of Alternate Dispute Resolution (ADR). In the event that non-binding mediation or arbitration is agreed upon, the site of the proceedings shall be Richland, Washington, unless otherwise agreed in writing by the parties. The rules for mediation or arbitration and the selection of the arbitrator shall be determined by mutual agreement of the parties. The mediator or arbitrator shall allocate cost, except that there shall be no pre-decisional interest costs, and each party shall bear its discretionary costs.

In the event ADR fails or is not used, primary jurisdiction for the resolution of any claim arising under this Subcontract shall reside in the United States Federal District Court for the Eastern District of Washington. If the requirements for jurisdiction in the United States District Court are not met, the litigation shall be brought in a Court of competent jurisdiction in Benton County, Washington.

Unless otherwise directed in writing by CH2M HILL, the SUBCONTRACTOR shall proceed diligently with the performance of the Subcontract pending final resolution of the dispute.

6.11 Waiver

CH2M HILL's failure to insist on performance of any term, condition, or instruction, or to exercise any right or privilege included in this Subcontract, or its waiver of any breach, shall not thereafter waive any such term, condition, instruction, and/or any right or privilege. No asserted waiver of any right or benefit by CH2M HILL shall be valid unless such waiver is in writing, signed by CH2M HILL, supported by consideration and specifies the extent and nature of the rights or benefits being waived.

6.12 Gratuities

The SUBCONTRACTOR, its employees, agents or representatives shall not offer or give to an officer, official or employee of CH2M HILL or the Government, gifts, entertainment, payments, loans or other gratuities to influence the award of a Subcontract or obtain favorable treatment under a Subcontract.

Violation of this provision may be deemed by CH2M HILL to be a material breach of this Subcontract and any other Subcontract with CH2M HILL and subject all Subcontracts with the SUBCONTRACTOR to termination for default, as well as any other remedies by law or in equity.

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6.13 Interpretation

Heading and titles of Clauses, Sections, paragraphs or other subparts of this Subcontract are for convenience of reference only and shall not be considered in interpreting the text of this Subcontract. No provision in this Subcontract is to be interpreted for or against any party because that party or its counsel drafted such provision.

ARTICLE 7.0 SUPPLEMENTAL TERMS AND CONDITIONS

General Intent. This Agreement is subject to the terms and conditions of CH2M HILL Hanford Group, Inc.'s Prime Contract Number DE-AC27-99RL14047. The general intent of these provisions is to incorporate into the Subcontract all required Federal Acquisition Regulations (FAR) and Department of Energy Acquisition Regulations (DEAR) flow down clauses, and any other State or Federally-mandated Subcontract clauses, which are required to be so incorporated either by the FAR, DEAR, CH2M HILL's Prime Contract or applicable State or Federal law.

To reference the cited FAR and DEAR flowdown clauses, the following web addresses are provided:

<http://farsite.hill.af.mil/>

<http://farsite.hill.af.mil/vfdoea.htm>

Substitution of the Parties. Wherever required to make any FAR, DEAR, or Prime Contract clause incorporated herein meaningful, the term "Contractor" shall be read "Subcontractor," and the term "Government" or "Contracting Officer" shall be read "CH2M HILL" with the exception of DEAR 952.250-70 Nuclear Hazards Indemnity Agreement (June 1996).

Specific Incorporated Clauses. Without in any way limiting the FAR, DEAR, or Prime Contract clauses to be incorporated herein, the following FAR and DEAR Contract Clauses are hereby specifically incorporated herein by reference with the same force and effect as if they were given in full text.

7.1 Federal Acquisition Regulation (48 CFR Chapter 1) Clauses and Department of Energy Acquisition Regulation (48 CFR Chapter 9) Clauses

Applicable to all orders:

1. FAR 52.202-1 Definitions (Jul 2004) (As Supplemented by DEAR 952.202-1)
2. FAR 52.224-1 Privacy Act Notification (Apr 1984)*
3. FAR 52.224-2 Privacy Act (Apr 1984)*
4. FAR 52.227-14 Rights in Data – General (Modified per DEAR 927.409(a)) (Jun 1987) (Alternate 1-Jul 1995)*
5. FAR 52.227-16 Additional Data Requirements (Jun 1987)*
6. FAR 52.244-6 Subcontracts for Commercial Items and Commercial Components (Dec 2004)*
7. DEAR 952.204-2 Security (May 2002)*
8. DEAR 952.204-70 Classification/Declassification (Sep 1997)*
9. DEAR 952.204-71 Sensitive Foreign Nations Controls (Apr 1994)*
10. DEAR 952.208-70 Printing (Apr 1984)*
11. DEAR 952.227-9 Refund of Royalties (Feb 1995)*
12. DEAR 952.227-11 Patent Rights – Retention by the Contractor (Short Form) (Feb 1995)* (Applies to Subcontracts for experimental, research, developmental, or demonstration work when the SUBCONTRACTOR is a domestic small business or nonprofit organization as defined at FAR 27.301)

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- 13. DEAR 952.227-13 Patent Rights - Acquisition by the Government (Sep 1997)* (Applies to Subcontracts for experimental, research, developmental, or demonstration work when the SUBCONTRACTOR is a domestic large business.)
- 14. DEAR 952.250-70 Nuclear Hazards Indemnity Agreement (Jun 1996)*
- 15. DEAR 970.5204-1 Counterintelligence (Dec 2000)*
- 16. DEAR 970.5208-1 Printing (Dec 2000)*
- 17. DEAR 970.5227-1 Rights in Data – Facilities (Dec 2000)*
- 18. DEAR 970.5227-8 Refund of Royalties (Aug 2002)*
- 19. DEAR 970.5229-1 State and Local Taxes (Dec 2000)*
- 20. DEAR 970.5232-3 Accounts, Records, and Inspections (Dec 2000)*

Applicable to all orders over \$2,500:

- 21. FAR 52.222-41 Service Contract Act of 1965, As Amended (Jul 2005)*
- 22. FAR 52.222-47 SCA Minimum Wages and Fringe Benefits Applicable to Successor Contract Pursuant to Predecessor Contractor Collective Bargaining Agreements (May 1989)*
- 23. FAR 52.225-1 Buy American Act—Supplies (June 2003) (Applies to orders for materials when the value is over \$2,500 but not over \$25,000, but the clause does apply if the amount is over \$25,000 if neither FAR 52.225-3 nor FAR 52.225-5 apply.)*
- 24. FAR 52.225-13 Restrictions on Certain Foreign Purchases (Jun 2003)*

Applicable to all orders over \$10,000:

- 25. FAR 52.222-21 Prohibition of Segregated Facilities (Feb 1999)*
- 26. FAR 52.222-26 Equal Opportunity (Apr 2002)*
- 27. FAR 52.222-35 Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)*
- 28. FAR 52.222-36 Affirmative Action for Workers with Disabilities (Jun 1998)*
- 29. FAR 52.222-37 Employment Reports on Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)*

Applicable to all orders over \$25,000:

- 30. FAR 52.209-6 Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Jan 2005)*
- 31. FAR 52.225-3 Buy American Act – Free Trade Agreements – Israeli Trade Act (Jan 2005) (Applies if acquisition value is \$25,000 or more but less than \$175,000. If the value is \$25,000 or more but less than \$50,000, Alternate I applies. If acquisition value is \$50,000 or more but less than \$58,550, Alternate II applies)*

Applicable to all orders over \$100,000:

- 32. FAR 52.203-5 Covenant Against Contingent Fees (Apr 1984)*
- 33. FAR 52.203-6 Restrictions on Subcontractor Sales to the Government (Jul 1995)*

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- 34. FAR 52.203-7 Anti-Kickback Procedures (Jul 1995)*
- 35. FAR 52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Jan 1997)*
- 36. FAR 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (Sep 2005)*
- 37. FAR 52.215-2 Audit and Records-Negotiation (Jun 1999)*
- 38. FAR 52.222-4 Contract Work Hours & Safety Standards Act-Overtime Compensation (Jul 2005)*
- 39. FAR 52.222-39 Notification of Employee Rights Concerning Payment Of Union Dues or Fees (Dec 2004)*
- 40. FAR 52.223-14 Toxic Chemical Release Reporting (Aug 2003)*
- 41. FAR 52.227-1 Authorization and Consent (Jul 1995)*
- 42. FAR 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringements (Aug 1996)*
- 43. FAR 52.242-13 Bankruptcy (Jul 1995)*
- 44. DEAR 970.5227-4 Authorization and Consent (Aug 2002)*
- 45. DEAR 970.5227-5 Notice and Assistance Regarding Patent and Copyright Infringement (Aug 2002)*

Applicable to all orders over \$175,000:

- 46. FAR 52.225-5 Trade Agreements (Jan 2005)*

Applicable to all orders over \$500,000:

- 47. FAR 52.230-2 Cost Accounting Standards (Apr 1998)* - Small Business Exempted
- 48. FAR 52.230-3 Disclosure and Consistency of Cost Accounting Practices (Apr 1998)* - Small Business Exempted
- 49. FAR 52.230-6 Administration of Cost Accounting Standard (Apr 2005)* - Small Business Exempted
- 50. DEAR 952.226-74 Displaced Employee Hiring Preference (Jun 1997)*
- 51. DEAR 970.5226-2 Workforce Restructuring Under Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Dec 2000)*

Applicable to all orders over \$550,000:

- 52. FAR 52.219-9 Small Business Subcontracting Plan (Jul 2005) -Alternate II (Oct 2001)* - Small Business Exempted

Applicable to all orders over \$650,000:

- 53. FAR 52.215-10 Price Reduction for Defective Cost or Pricing Data (Oct 1997)*
- 54. FAR 52.215-11 Subcontractor Cost or Pricing Data-Modifications (Oct 1997)*
- 55. FAR 52.215-12 Subcontractor Cost or Pricing Data (Oct 1997)*
- 56. FAR 52.215-13 Subcontractor Cost or Pricing Data – Modifications (Oct 1997)*
- 57. FAR 52.215-15 Pension Adjustments and Asset Reversions (Oct 2004)*

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- 58. FAR 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRP) Other than Pensions (Jul 2005)*
- 59. FAR 52.215-19 Notification of Ownership Changes (Oct 1997)*