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**DEFINITIONS**

Whenever used in this document, the following definitions shall apply:

**Allowable Costs** means those costs for which the SUBCONTRACTOR seeks reimbursement and that meets the definition of an allowable cost as described in FAR 31.201-2 and that are consistent with the cost principles found in FAR Subpart 31.2 and DEAR Subpart 931.2.

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**Hourly Rate** means the rate(s) prescribed in the Subcontract for payment for labor that meets the qualifications of a labor category specified in the Subcontract and that include wages, overhead, general and administrative expenses, and profit for each category of labor that are—

- (1) Performed by the SUBCONTRACTOR;
- (2) Performed by Lower-Tier SUBCONTRACTORS; or
- (3) Transferred between divisions, subsidiaries, or affiliates of the SUBCONTRACTOR under a common control.

**Labor-Hour Contract** is a variation of a Time-and-Materials Contract, differing only in that materials are not supplied by the SUBCONTRACTOR.

**Materials** means—

- (1) Direct Materials that enter directly into the end product, or that are used or consumed directly in connection with the furnishing of the end product or service, including supplies transferred between divisions, subsidiaries, or affiliates of the SUBCONTRACTOR under a common control;
- (2) Lower tier Subcontracts for supplies and incidental services for which there is not a labor category specified in the Subcontract;
- (3) Other Direct Costs for incidental services for which there is not a labor category specified in the Subcontract (e.g. taxes, travel or computer usage charge);
- (4) Material Handling Costs that are excluded from the labor-hour rate; and
- (5) Applicable Indirect Costs allocated to Direct Materials in accordance with the SUBCONTRACTOR's usual accounting procedures and consistent with FAR Part 31.

**Time-and-Materials Contract** is a contract that provides supplies or services on the basis of—

- (1) Direct labor hours at specified fixed hourly rates; and
- (2) Actual cost for materials.

## ARTICLE 1.0 PAYMENT

The BUYER will pay the SUBCONTRACTOR as follows upon the submission of commercial invoices approved by the BUYER's Procurement Representative:

### 1.1 Hourly rates.

- (A) Hourly rates shall be paid for all labor performed on the contract that meets the labor qualifications specified in the Subcontract. The hourly rates shall be computed by multiplying the appropriate hourly rates prescribed in the Subcontract by the number of direct labor hours performed. Fractional parts of an hour shall be payable on a prorated basis.
- (B) Labor hours incurred to perform tasks for which labor qualifications were specified in the Subcontract will not be paid to the extent the work is performed by individuals that do not meet the qualifications specified in the Subcontract, unless specifically authorized by the BUYER's Procurement Representative.

- (C) Unless the Compensation Schedule prescribes otherwise, the hourly rates shall not be varied by virtue of the SUBCONTRACTOR having performed work on an overtime basis. If the Compensation Schedule provides rates for overtime, the premium portion of those rates will be reimbursable only to the extent the overtime is approved by the BUYER's Procurement Representative.

1.2 Materials.

- (A) If the SUBCONTRACTOR furnishes materials that meet the definition of a commercial product, the price to be paid for such materials shall not exceed the SUBCONTRACTOR's established catalog or market price, adjusted to reflect the quantities being acquired and any modifications necessary to meet SUBCONTRACTOR requirements.
- (B) The BUYER will reimburse the SUBCONTRACTOR the actual cost of materials (less any rebates, refunds, or discounts received by the SUBCONTRACTOR that are identifiable to the Subcontract).
- (C) To the extent able, the SUBCONTRACTOR shall obtain materials at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials, and give credit to the BUYER for cash and trade discounts, rebates, scrap, commissions, and other amounts that are identifiable to the Subcontract.
- (D) The BUYER will also reimburse the SUBCONTRACTOR for actual costs incurred by the BUYER for Other Direct Costs, Material Handling Costs, and Indirect Costs as such costs are specifically identified in the Compensation Schedule.

**ARTICLE 2.0 TIMEKEEPING RECORDS SIGNATURE REQUIREMENT**

The SUBCONTRACTOR shall provide timecards for hourly employees and all non-fixed-price and cost reimbursable type (including time-and-material) sub-tiers prior to the payment of such costs. The timecards must reflect actual hours worked. The timecards must show evidence of being signed by the employee and approved/certified by the employee's supervisor. The SUBCONTRACTOR and sub-tiers shall maintain adequate timekeeping procedures, controls, and processes for billing BUYER work. This clause shall be flowed down to all non-fixed price and cost reimbursable (including time-and-material) type sub-tiers.

**ARTICLE 3.0 GENERAL INVOICE REQUIREMENTS**

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

HANFORD LABORATORY MANAGEMENT & INTEGRATION, LLC (HLMI)  
Accounts Payable/Mail Stop: B6-02  
P.O. Box 1796  
Richland, WA 99352

Email electronic invoices to: [HLMIAccountsPayable@navarro-inc.com](mailto:HLMIAccountsPayable@navarro-inc.com)

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- 3.2 Invoice Payment Terms. The SUBCONTRACTOR shall prepare all invoices in a form satisfactory to and approved by the BUYER's Procurement Representative. Except to the extent expressly stated elsewhere in this Subcontract, the invoice is payable thirty (30) calendar days after receipt by the BUYER 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.
- 3.3 Invoice Certification. Submittal of an invoice constitutes the SUBCONTRACTOR's certification that materials, work and/or services have been delivered as specified on the invoice in accordance with the Subcontract. This invoice certification additionally represents that all invoiced hours and materials are true, accurate and correctly represent the invoiced costs to accomplish this Work on the Subcontract. Falsely invoicing costs may result in civil or criminal penalties as a violation of the Federal False Claims Act (31 USC 37296).
- 3.4 Separate Invoice Requirements. Each Subcontract or Subcontract Release shall be invoiced separately.
- 3.5 Minimum Invoice Requirements. The invoice shall identify the following information:
- (A) The SUBCONTRACTOR's name, invoice number, and Subcontract number, and Task Release number.
  - (B) The SUBCONTRACTOR's name and telephone number of a representative available to respond to invoice questions.
  - (C) The total amount due for the billing period (this amount shall be separate from cumulative amounts or subtotals included on the invoice).
  - (D) A cost summary identifying all cost elements being invoiced. Cumulative values (i.e., invoiced to date values) for each item being invoiced are requested to be included as part of the invoice submission.
  - (E) Each invoice must include a separate line item for sales tax unless an exemption from sales tax is specifically cited in the body of the Subcontract. Invoices that do not include a separate line item for sales tax will not be paid and will be returned to the SUBCONTRACTOR.
  - (F) The SUBCONTRACTOR must provide itemized receipts, unless justification is provided explaining why itemized receipts cannot be provided. Credit card statements are not acceptable as invoice supporting documentation.
  - (G) A synopsis with sufficient details to describe the work performed within the Period of Performance of the invoice.
  - (H) Timekeeping Records shall be provided with each invoice submittal (except for Sole Proprietor - reference below). Timekeeping records submitted may be a system

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generated document, or equivalent, that identifies the project (job) number, employee name, dates worked, all associated daily hours and totals, and evidence of employee signing/submitting the timecard and manager/supervisor approval. These records shall be attached to the invoice and be included as part of the Invoice Certification requirement identified within this document.

- (I) A Sole Proprietor shall submit invoices that identifies the project (job) number, dates worked, and all associated daily hours and totals. These records shall be attached to the invoice and be included as part of the Invoice Certification requirement identified within this document.
- (J) If overtime is being invoiced, the BUYER's authorization is required to be included with the invoice submittal.
- (K) A listing of Other Direct Costs invoiced that reconcile to the Subcontract's Compensation Schedule with supporting documentation as required by the BUYER's Procurement Representative.
- (L) A corresponding description of each item billed and the associated amount.

3.6 Fully Burdened Hourly Rate. Unless specified otherwise, the invoiced amount shall be computed by multiplying the appropriate hourly rate prescribed in the Subcontract's Compensation Schedule by the number of direct billable labor hours. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis.

3.7 Identification of Uncompensated Overtime. Uncompensated overtime means the hours worked without additional compensation in excess of an average of forty (40) hours per week by direct charging employees who are exempt from the Fair Labor Standards Act. Compensated personal absences such as holidays, vacations, and sick leave shall be included in the normal workweek for purposes of computing uncompensated overtime hours. The SUBCONTRACTOR's reporting of uncompensated overtime must be consistent with its established accounting practices and policies used to accumulate and report uncompensated overtime hours.

3.8 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 the SUBCONTRACTOR. Any costs associated with the resubmission of an invoice to meet these requirements shall not be reimbursed by the BUYER.

3.9 Withholding Invoice Payments. The BUYER may, at its sole discretion, withhold payment due for, 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 the SUBCONTRACTOR.
- Evidence that lower tier SUBCONTRACTORS or suppliers have not been properly paid.
- Failure to provide accrual reports by the 16th of each month as specified in the Subcontract provisions.

3.10 Accruals. On a monthly basis the SUBCONTRACTOR shall provide to the BUYER's Accounts Payable an estimate of the total billable cost from inception of the Subcontract through the current

**HANFORD LABORATORY MANAGEMENT AND INTEGRATION, LLC (HLMI)  
COMMERCIAL ITEMS TIME AND MATERIALS/LABOR HOUR  
SUBCONTRACT PROVISIONS**



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fiscal month end. The Fiscal Year Calendar can be accessed on the [Hanford external web site](#). This information must be provided electronically between the 12<sup>th</sup> and the 16<sup>th</sup> of each month using the login information contained in the SUBCONTRACTOR's confirmation email when the SUBCONTRACTOR completed its initial vendor registration with the BUYER.

- (A) Accruals are submitted through the Vendor Registration System at <http://www5.hanford.gov/vendreg>. Alternative methods are email or mail and must be submitted by the 16th of each month to the following address:

HANFORD LABORATORY MANAGEMENT & INTEGRATION, LLC (HLMI)  
ATTN: Accounts Payable / MSIN B6-02  
P.O. Box 1796  
Richland, WA 99352  
Email: [HLMIAccruals@rl.gov](mailto:HLMIAccruals@rl.gov)

- (B) SUBCONTRACTOR "Monthly Contract to Date Cost Estimate Form," can be downloaded at <https://5bs.490.myftpupload.com/hlmi-forms/>. Accrual data must be provided for each Subcontract or Subcontract release until all SUBCONTRACTOR invoices are received and Work is complete.

### 3.11 Reimbursement of Travel Expenses

- (A) The SUBCONTRACTOR will be reimbursed for those travel expenses that are incurred consistent with the provisions of DEAR 970.3102-05-46 and only when authorized by the Buyer's Procurement Representative prior to arranging, conducting, and/or incurring travel expenses.
- (B) Travel expense reimbursement requests must be invoiced in accordance with the subcontract invoicing requirements. Receipts must show the full original itinerary, including the name of the person(s) traveling, travel dates, travel times, and destination. Airfare costs must be separated from any lodging, car rental and/or any other travel charges, and must list the airfare class, agency fees, and that the lowest reasonably available airfare was booked. SUBCONTRACTOR must provide itemized receipts for all airfare, agency fees, lodging, and car rental company charges regardless of dollar amount AND any other travel expenditures of \$75.00 or more.
- (C) The SUBCONTRACTOR is expected to take reasonable steps to mitigate the amount of travel expense. When work assignments are such that travel for any one employee would exceed a short term (typically more than 30 days), the SUBCONTRACTOR is expected to propose and implement lower cost alternatives (such as long-term lodging, temporary relocation, long term car rental, etc.).
- (D) Submittal of an invoice to the Buyer that includes travel expenses signifies SUBCONTRACTOR's certification to all travel requirements outlined in this Subcontract. Failure to comply with the requirements may cause any request for travel reimbursement to be reduced or denied.

### 3.12 Taxes

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- (A) The SUBCONTRACTOR shall collect the applicable Washington State sales or use tax and include this on each applicable invoice. Sales tax must be listed as a separate line item on the invoice. If the SUBCONTRACTOR is an out of state vendor with no nexus in the State of Washington, taxes will be paid by BUYER. SUBCONTRACTOR shall notify the BUYER's Procurement Representative if they don't have a nexus in the State of Washington. All other Federal, State, county, municipal or other taxes must be included in the Subcontract amount and invoiced accordingly.
- (B) 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 the BUYER. If the SUBCONTRACTOR applies for the Washington State Business and Occupation Tax Credit for Research and Development spending, the SUBCONTRACTOR shall notify the BUYER's Procurement Representative. The SUBCONTRACTOR shall fully cooperate with the BUYER in any tax audits, tax assessment reviews, or tax challenges.

3.13 Offsets.

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

3.14 Interest Payment.

No interest is payable to the 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.

3.15 Final Payment.

Upon completion of the Work, the SUBCONTRACTOR will notify the BUYER's Procurement Representative in writing that the Work is complete and final payment is due. The final invoice shall be clearly marked "FINAL PAYMENT" and submitted for reimbursement after completion and acceptance of Work by the BUYER and compliance by the SUBCONTRACTOR with all terms of this Subcontract.

The final invoice shall be supported by all requested certifications and releases needed to close out the Subcontract including, but not limited to, the "SUBCONTRACTOR Release of Claims." If the Work has been completed in accordance with this Subcontract, final payment will be made in accordance with the terms of this Subcontract. Final Payment shall not relieve the SUBCONTRACTOR of any obligation under this Subcontract.

**ARTICLE 4.0 LIMITATION OF FUNDS (CEILING PRICE)**

- 4.1 The Subcontract (or Subcontract release) specifies the dollar amount authorized, the items covered, and the period of performance, the amount will cover. The SUBCONTRACTOR agrees to perform, or have performed, Work on the Subcontract up to the point at which the total amount

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- paid and payable under the Subcontract, approximates, but does not exceed the total amount authorized on the Subcontract.
- 4.2 When the parties have negotiated a total award value which exceeds current funding, the authorized funds on the resulting Subcontract will be limited using a limitation of funding provision.
- 4.3 The authorized funding shall be considered a ceiling price which may not be exceeded until the BUYER's Procurement Representative notifies the SUBCONTRACTOR in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this Subcontract.
- 4.4 The SUBCONTRACTOR shall notify the BUYER's Procurement Representative identified in the Subcontract, in writing whenever it has reason to believe that the costs it expects to incur under this Subcontract in the next sixty (60) days, when added to all costs previously incurred, will exceed seventy-five (75) percent of the total amount so far allotted to this Subcontract. The notice shall state the estimated date when such allotted amount will be reached and estimated amount of additional funds required to continue performance for the period specified in the Subcontract. If after such notification, additional funds are not obligated by the end of estimated reach date or by another agreed date, the BUYER's Procurement Representative shall upon SUBCONTRACTOR's written request, terminate this Subcontract on the performance end date or the date set forth in the request, whichever is later, pursuant to the provisions of the Termination provision of this Subcontract.
- 4.5 Except as provided by other provisions of this Subcontract, specifically citing and stated to be an exception to this provision, the BUYER's Procurement Representative is not obligated to reimburse the SUBCONTRACTOR for costs incurred in excess of the total authorized funding; and the SUBCONTRACTOR is not obligated to continue performance under this Subcontract (including actions under the termination provision) or otherwise incur costs in excess of the allotted amount of this Subcontract, until the BUYER's Procurement Representative notifies the SUBCONTRACTOR in writing that the allotted amount has been increased and specifies the revised total allotted amount.
- 4.6 No notice, communication, or representation in any form or by anyone other than the BUYER's Procurement Representative shall affect the authorized amount of this Subcontract. In the absence of the SUBCONTRACTOR's notification as described above, the BUYER's Procurement Representative is not obligated to reimburse the SUBCONTRACTOR for any costs in excess of the total authorized funding, whether incurred during the course of performance period, a termination, or result of an audit.
- 4.7 When, and to the extent that the amount authorized by the BUYER's Procurement Representative is increased, any excess costs the SUBCONTRACTOR incurred before this amendment shall be allowable to the same extent as if incurred afterward, unless this Subcontract was terminated.
- 4.8 Change orders (amendments) shall not be considered an authorization to exceed the estimated cost to the BUYER specified in the Subcontract, unless the change order (amendment) contains a statement increasing the Subcontract's estimated funding.

**ARTICLE 5.0 CHANGES**



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- 5.1 The Buyer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this subcontract in any one or more of the following:
- Description of services to be performed.
  - Time of performance.
  - Place of performance
  - Drawings, designs or specifications when materials to be furnished are to be manufactured for the Buyer in accordance with the drawings, designs or specifications.
  - Method of shipment or packing.
  - Place of delivery.
- 5.2 If any change causes an increase or decrease in any hourly rate, the ceiling price, or the time required for performance of any part of the work under this Subcontract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Subcontract, the Buyer will make an equitable adjustment in any one or more of the following and will modify the Subcontract accordingly:
- Ceiling price
  - Hourly rates
  - Delivery Schedule
  - Other affected terms
- 5.3 The SUBCONTRACTOR shall assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Buyer decides that the facts justify it, the Buyer may receive and act upon a proposal submitted before final payment of the subcontract.
- 5.4 Failure to agree to any adjustment will be a dispute under the Disputes clause. However, nothing in this clause excuses the SUBCONTRACTOR from proceeding with the subcontract as changed.

#### **ARTICLE 6.0 INSPECTION AND ACCEPTANCE**

- 6.1 The BUYER has the right to inspect and test all materials furnished and services performed under this contract, to the extent practicable at all places and times, including the period of performance, and in any event before acceptance. The BUYER may also inspect the plant or plants of the SUBCONTRACTOR or any other Subcontractor engaged in contract performance. The BUYER will perform inspections and tests in a manner that will not unduly delay the work.
- 6.2 If the BUYER performs inspection or tests on the premises of SUBCONTRACTOR, the SUBCONTRACTOR shall furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.
- 6.3 Unless otherwise specified in the contract, the BUYER will accept or reject services and materials at the place of delivery as promptly as practicable after delivery, and they will be presumed accepted 60 days after the date of delivery, unless accepted earlier.
- 6.4 At any time during Subcontract performance, but not later than 6 months (or such other time as may be specified in the contract) after acceptance of the services or materials last delivered under this Subcontract, the BUYER may require the SUBCONTRACTOR to replace or correct services or materials that at time of delivery failed to meet Subcontract requirements. The SUBCONTRACTOR

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- shall not tender for acceptance materials and services required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.
- 6.5 If the SUBCONTRACTOR fails to proceed with reasonable promptness to perform required replacement or correction, and if the replacement or correction can be performed within the ceiling price (or the ceiling price as increased by the BUYER), the BUYER may-
- (A) By contract or otherwise, perform the replacement or correction, charge to the SUBCONTRACTOR any increased cost, or deduct such increased cost from any amounts paid or due under this contract; or
  - (B) Terminate this contract for cause.
- 6.6 Notwithstanding any other provision in this Subcontract, the BUYER may at any time require the SUBCONTRACTOR to remedy by correction or replacement, without cost to the BUYER, any failure by the SUBCONTRACTOR to comply with the requirements of this contract, if the failure is due to-
- (A) Fraud, lack of good faith, or willful misconduct on the part of the SUBCONTRACTOR's managerial personnel; or
  - (B) The conduct of one or more of the SUBCONTRACTOR's employees selected or retained by the SUBCONTRACTOR after any of the SUBCONTRACTOR's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.
- 6.7 The BUYER's rights to remedy by correction or replacement applies in the same manner and to the same extent to corrected or replacement materials or services as to materials and services originally delivered under this contract.
- 6.8 Failure to agree to the amount of increased cost to be charged to the SUBCONTRACTOR shall be a dispute under the Disputes clause of the contract.

## ARTICLE 7.0 TERMINATION

- 7.1 Termination for the BUYER's Convenience. The BUYER reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, the SUBCONTRACTOR shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers or lower-tier Subcontractors to cease work. Subject to the terms of this Subcontract, the SUBCONTRACTOR shall be paid an amount for direct labor hours (as defined in the Compensation Schedule of the Subcontract) determined by multiplying the number of direct labor hours expended before the effective date of termination by the hourly rate(s) in the Subcontract, less any hourly rate payments already made to the SUBCONTRACTOR plus reasonable charges the SUBCONTRACTOR can demonstrate to the satisfaction of the BUYER using its standard record keeping system that have resulted from the termination. The SUBCONTRACTOR shall not be required to comply with the cost accounting standards or contract cost principles for this purpose. The SUBCONTRACTOR shall not be paid for any work performed or costs incurred that reasonably could have been avoided.

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- 7.2 Termination for Cause. The BUYER may terminate this contract, or any part hereof, for cause in the event of any default by the SUBCONTRACTOR, or if the SUBCONTRACTOR fails to comply with any contract terms and conditions, or fails to provide the BUYER, upon request, with adequate assurances of future performance. In the event of termination for cause, the BUYER shall not be liable to the SUBCONTRACTOR for any amount for supplies or services not accepted, and the SUBCONTRACTOR shall be liable to the BUYER for any and all rights and remedies provided by law. If it is determined that the BUYER improperly terminated this Subcontract for default, such termination shall be deemed a termination for convenience.

## ARTICLE 8.0 MISCELLANEOUS PROVISIONS

- 8.1 Access to Records. At any time before final payment under this Subcontract, the BUYER's Procurement Representative (or authorized representative) will have access to all SUBCONTRACTOR's records that verify and document the labor hours and materials costs invoiced. These include the original timecards required as substantiation for payment, the SUBCONTRACTOR's timekeeping procedures, any invoices or agreements that substantiate material costs, and documents supporting payment of these invoices.
- 8.2 Assignment.
- A. The SUBCONTRACTOR shall not assign any of the duties or rights or any claim arising out of or related to this Subcontract without the written consent of the BUYER's Procurement Representative. The BUYER may assign this Subcontract, in whole or in part to the Government or to such party as the Government may designate to perform the BUYER's obligations hereunder.
  - B. The SUBCONTRACTOR may assign its rights to receive payment due as a result of performance of this Subcontract to a bank, trust company, or other financing institution, including any Federal lending agency in accordance except when payment is made through a third party (*e.g.*, use of a commercial purchase card). The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any financing institution. Any assignment or reassignment shall cover all unpaid amounts payable under this Subcontract.
- 8.3 Disputes. SUBCONTRACTOR agrees to enter into negotiation with BUYER to resolve any dispute. Both parties agree to negotiate in good faith to reach a mutually agreeable settlement within a reasonable amount of time. If negotiation is unsuccessful, the parties agree to enter into binding Arbitration. The American Arbitration Association (AAA) Commercial Arbitration Rules are to govern this Arbitration. It is agreed by both parties that the Arbitrator's decision is final, and no party may take any action, judicial or administrative, to overturn this decision. The judgment rendered by the Arbitrator may be entered in any court having jurisdiction thereof. Pending any decision, appeal or judgment referred to in this provision or the settlement of any dispute, Subcontractor shall proceed diligently with the performance of this Subcontract.
- 8.4 Excusable Delays. SUBCONTRACTOR shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the SUBCONTRACTOR and without its fault or negligence such as, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The SUBCONTRACTOR shall notify the BUYER's Procurement Representative in writing as soon as it is reasonably possible after the

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commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the BUYER's Procurement Representative of the cessation of such occurrence.

- 8.5 Risk of Loss. Unless the Subcontract specifically provides otherwise, risk of loss or damage to the supplies provided under this Subcontract shall remain with the SUBCONTRACTOR until, and shall pass to the BUYER upon, (a) delivery of the supplies to a carrier, if transportation is f.o.b. origin, or (b) delivery of the supplies to the BUYER at the destination specified in the Subcontract, if transportation is f.o.b. destination.
- 8.6 Release of Claims. The SUBCONTRACTOR, and each assignee under an assignment entered into under this Subcontract and in effect at the time of final payment under this Subcontract, shall execute and deliver, at the time of and as a condition precedent to final payment under this Subcontract, a release discharging the BUYER, its officers, agents, and employees of and from all liabilities, obligations, and claims arising out of or under this Subcontract, subject only to the following exceptions.
- Specified claims in stated amounts, or in estimated amounts if the amounts are not susceptible to exact statement by the SUBCONTRACTOR.
  - Claims, together with reasonable incidental expenses, based upon the liabilities of the SUBCONTRACTOR to third parties arising out of performing this Subcontract, that are not known to the SUBCONTRACTOR on the date of the execution of the release, and of which the SUBCONTRACTOR gives notice in writing to the BUYER's Procurement Representative not more than 6 years after the date of the release or the date of any notice to the SUBCONTRACTOR that the BUYER is prepared to make final payment, whichever is earlier.
  - Claims for reimbursement of costs (other than expenses of the SUBCONTRACTOR by reason of its indemnification of the BUYER against patent liability), including reasonable incidental expenses, incurred by the SUBCONTRACTOR under the terms of this Subcontract relating to patents.
- 8.7 Title. Unless specified elsewhere in this Subcontract, title to items furnished under this Subcontract shall pass to the BUYER upon acceptance, regardless of when or where the BUYER takes physical possession.
- 8.8 Warranty. The SUBCONTRACTOR warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this Subcontract.
- 8.9 Limitation of Liability. Except as otherwise provided by an express warranty, the SUBCONTRACTOR will not be liable to the BUYER for consequential damages resulting from any defect or deficiencies in accepted items.
- 8.10 Compliance with Laws. The SUBCONTRACTOR shall comply with all applicable Federal, State, and local laws, executive orders, rules and regulations applicable to its performance under this Subcontract.

## ARTICLE 9.0 FAR CLAUSES INCORPORATED BY REFERENCE

SUBCONTRACTOR agrees to comply with the following FAR clauses that reflect mandatory compliance with Federal statutes. Wherever required to make any FAR clause incorporated herein meaningful,

**HANFORD LABORATORY MANAGEMENT AND INTEGRATION, LLC (HLMI)  
 COMMERCIAL ITEMS TIME AND MATERIALS/LABOR HOUR  
 SUBCONTRACT PROVISIONS**



**December 1, 2021, Revision 1**

the term “Contractor” shall be read “SUBCONTRACTOR,” the term “Contracting Officer” shall be read “BUYER’s Procurement Representative,” the term “Head of the Contracting Activity” shall be read “Head of the Procurement Activity” - and the term “Government” or “Contracting Officer” shall be read “BUYER.” To reference the cited FAR clauses, the following web address is provided: <https://www.acquisition.gov/>

<b>THE FOLLOWING CLAUSES APPLY AS STATED IN THE CONDITIONS OF APPLICABILITY</b>		
<b>Clause Number</b>	<b>Title and Date</b>	<b>Conditions of Applicability</b>
FAR 52.203-6	Restrictions on Subcontractor Sales to the Government (Jun 2020) Alternate I (Nov 2021)	Applies to Subcontracts that exceed the Simplified Acquisition Threshold of \$250,000.
FAR 52.203-13	Contractor Code of Business Ethics and Conduct (Nov 2021)	Applies only to Subcontracts that have a value in excess of \$6.0 million and a performance period of more than 120 days. Mandatory flow-down clause to lower-tier subcontractors.
FAR 52.203-19	Prohibition on Requiring Certain Confidentiality Agreements or Statements (Jan 2017)	Applies to Subcontracts that exceed the Simplified Acquisition Threshold of \$250,000.
FAR 52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards (Jun 2020)	Applies to Subcontracts in which during the preceding fiscal year Subcontractor received 80 percent or more of its annual gross revenues and \$25M or more in annual gross revenues from Federal contracts or subcontracts, loans, grants, cooperative agreements, and other forms of Federal financial assistance.
FAR 52.204-14	Service Contract Reporting Requirements (Oct 2016)	Applies to Subcontracts for Services valued at \$500,000 or greater.
FAR 52.204-23	Prohibition On Contracting For Hardware, Software, And Services Developed Or Provided By KasperskyLab An Other Covered Entities (Nov 2021)	Applies to all Subcontracts regardless of dollar value. Mandatory flow-down clause to lower-tier subcontractors. .
FAR 52.204-25	Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment (Nov 2021)	Applies to all Subcontracts regardless of dollar value. Mandatory flow-down clause to lower-tier subcontractors. ..
FAR 52.209-6	Protecting the Government’s Interest When Subcontracting with Contractor’s Debarred, Suspended, or Proposed for Debarment (Nov 2021)	Applies only to Subcontracts that exceed \$35,000.
FAR 52.209-10	Prohibition on Contracting with Inverted Domestic Corporations (Nov 2021)	Applies to all Subcontracts regardless of dollar value.
FAR 52.219-14	Limitations on Subcontracting (Sep 2021)	Applies to Subcontracts that are set-aside for small business concerns.
FAR 52.219-28	Post-Award Small Business Program Representation (Sep 2021)	Applies to Subcontracts that are set-aside for small business concerns.
FAR 52.222-3	Convict Labor (Jun 2003)	Applies to Subcontracts that exceed the micro-purchase threshold of \$10,000.

**THE FOLLOWING CLAUSES APPLY AS STATED IN THE CONDITIONS OF APPLICABILITY**

**HANFORD LABORATORY MANAGEMENT AND INTEGRATION, LLC (HLMI)  
 COMMERCIAL ITEMS TIME AND MATERIALS/LABOR HOUR  
 SUBCONTRACT PROVISIONS**



**December 1, 2021, Revision 1**

<b>Clause Number</b>	<b>Title and Date</b>	<b>Conditions of Applicability</b>
FAR 52.222-21	Prohibition of Segregated Facilities (Apr 2015)	Applies to Subcontracts that exceed the micro-purchase threshold of \$10,000. Mandatory flow-down clause to lower-tier subcontractors.
FAR 52.222-26	Equal Opportunity (Sep 2016)	Applies to Subcontracts that exceed the micro-purchase threshold of \$10,000. Mandatory flow-down clause to lower-tier subcontractors.
FAR 52.222-35	Equal Opportunity for Veterans (Oct 2015)	Applies to Subcontracts with a value of \$150,000 or more. Mandatory flow-down clause to lower-tier subcontractors.
FAR 52.222-36	Reporting Executive Compensation and First-Tier Subcontract Awards (Jun 2020)	Applies to Subcontracts that exceed \$15,000. Mandatory flow-down clause to lower-tier subcontractors
FAR 52.222-37	Employment Reports on Veterans (Jun 2020)	Applies to Subcontracts with a value of \$150,000 or more.
FAR 52.222-40	Notification of Employee Rights Under the National Labor Relations Act (Dec 2010)	Applies to Subcontracts that exceed the micro-purchase threshold of \$10,000. Mandatory flow-down clause to lower-tier subcontractors
FAR 52.222-41	Service Contract Labor Standards (Aug 2018)	Applies to Subcontracts that exceed \$2,500 and that are subject to the Service Contract Labor Standards statute. Mandatory flow-down clause to lower-tier subcontractors.
FAR 52.222-50	Combating Trafficking in Persons (Nov 2021)	Applies to Subcontracts that exceed \$550,000 except for commercially available off-the-shelf items (COTS). Mandatory flow-down clause to lower-tier subcontractors.
FAR 52.222-54	Employment Eligibility Verification (Nov 2021)	Applies to Subcontracts that are (1) for Services (except for commercial services that are part of the purchase of a COTS item or an item that would be a COTS item, but for minor modifications, performed by the COTS provider, and are normally provided for that COTS item); or (2) Construction.
FAR 52.222-62	Paid Leave Under Executive Order 13706 (Jan 2017)	Applies to Subcontracts that are subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute. Mandatory flow-down clause to lower-tier subcontractors.
FAR 52.219-28	Post-Award Small Business Program Representation (Sep 2021)	Applies to Subcontracts that are set-aside for small business concerns.
FAR 52.225-13	Restrictions on Certain Foreign Purchases (Feb 2021)	Applies to all Subcontracts regardless of dollar value.