

SAMPLE FIRM-FIXED-PRICE, LEVEL-OF-EFFORT, TERM CONTRACT

PRIMARY RESEARCH, INCORPORATED

CONTRACT DASG60-02-C-1000

PAGE 2 OF 15 PAGES

PART I - THE SCHEDULE

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS:

B-1. LINE ITEM DESCRIPTION: In accordance with this contract, the contractor, independently and not as an agent of the Government, shall provide all necessary materials, labor, equipment, and facilities, except as specified herein to be furnished by the Government, and shall do all that which is necessary or incident to the satisfactory and timely performance of the following Contract Line Item Number (CLIN):

| <u>CLIN</u> | <u>SUPPLIES OR SERVICES</u> | <u>QUANTITY</u> | <u>UNIT</u> | <u>AMOUNT</u> |
|-------------|--|-----------------|--|-----------------------------|
| 0001 | Work as set forth in Primary Research, Inc., Small Business Innovation Research Program Proposal, dated 14 Jul 01, titled "Weightless Perpetual Motion Machine," incorporated herein as set forth in Part III, Section J, hereof. | 5,976 | Direct Productive Person Hours (DPPH) | \$600,588 |
| 0002 | Data to be delivered under this contract shall be that cited in Contract Data Requirements list (CDRL), DD Form 1423s, Exhibit A, consisting of Exhibit Line Items Nos. AOO1 through A004. Format for preparation of reports shall be in accordance with Data Item Descriptions (DD Form 1664s), incorporated herein and attached as set forth in Part III, Section J, hereof. | 1 | Lot | Not Separately Priced |
| TOTAL | | | | \$600,588 |

B-2. FIRM-FIXED-PRICE, LEVEL OF EFFORT TERM CONTRACT:

a. In the performance of CLIN 0001 of this contract, the contractor shall provide the following level of effort within the time period as set forth in Section F-1 hereof:

DIRECT PRODUCTIVE PERSON HOURS

| <u>LEVEL OF EFFORT</u> | <u>COMPOSITE RATE PER HOUR</u> | <u>TOTAL</u> |
|------------------------|------------------------------------|--------------|
| 5,976 | \$100.50 | \$600,588 |

b. DPPH are defined as prime contractor, subcontractor, and consultant actual direct labor hours exclusive of vacation, holiday, sick leave, and other absences.

c. In accordance with FAR 16.207-2, entitlement to full payment is based on the determination by the Government that the required level of effort and reports have been provided and are acceptable.

SECTION E - INSPECTION AND ACCEPTANCE

E-1. CLAUSE INCORPORATED BY REFERENCE (FEB 1998) (FAR 52.252-2): This contract incorporates one or more clauses by reference, with the same force and effect as if it were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address: (to be provided by contracting activity)

FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSE

| <u>CLAUSE NUMBER</u> | <u>FAR CITATION</u> | <u>CLAUSE TITLE</u> | <u>DATE</u> |
|---------------------------------|--------------------------------|--|--------------------|
| 1 | 52.246-9 | INSPECTION OF RESEARCH AND DEVELOPMENT (SHORT FORM) | APR 1984 |
| 2 | 52.246-15 | CERTIFICATE OF CONFORMANCE | APR 1984 |

SECTION F - DELIVERIES OR PERFORMANCE

F-1. PERIOD OF PERFORMANCE: The contractor shall provide all level of effort, subcontractor support, materials/equipment, data and reports required by CLINS 0001 and 0002 of this contract and the supplies/materials/prototype described at H-8 and H-9 of this contract, within twenty-four (24) months after the effective date of the contract. (10 DEC 01).

F-2. DELIVERY OF DATA:

a. All data shall be delivered F.O.B. Destination as specified in Block 14 of DD Form 1423. The contractor shall furnish the Contracting Officer one (1) copy of the transmittal letters submitting data requirements to the government technical office(s). The extent of the Government's rights in data delivered under the contract shall be governed by Contract Clause titled, RIGHTS IN NONCOMMERCIAL TECHNICAL DATA AND COMPUTER SOFTWARE--SMALL BUSINESS INNOVATIVE RESEARCH (SBIR) PROGRAM.

b. Acceptance by the Government of all items delivered hereunder shall be at destination.

F-3. CLAUSE INCORPORATED BY REFERENCE (FEB 1998) (FAR 52.252-2): This contract incorporates one or more clauses by reference, with the same force and effect as if it were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address: (to be provided by contracting activity)

FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSE

| <u>CLAUSE NUMBER</u> | <u>FAR CITATION</u> | <u>CLAUSE TITLE</u> | <u>DATE</u> |
|---------------------------------|--------------------------------|----------------------------|--------------------|
| 1 | 52.242-15 | STOP WORK ORDER | AUG 1989 |

SECTION G - CONTRACT ADMINISTRATION DATA

G-1. INVOICING AND VOUCHERING:

a. Public vouchers (SF 1034) or contractor equivalent shall be submitted to the Administrative Contracting Officer (ACO) set forth on the Standard Form 26, Block 6, prior to payment by the Defense Finance and Accounting Service (DFAS) specified in Block 12. The ACO will approve and forward the approved voucher to the DFAS Paying Office.

b. The paying office shall ensure that the voucher is disbursed for each ACRN as indicated on the voucher (or as specified herein).

c. The contractor shall identify on each public voucher: (1) the contract number, (2) the accounting classification reference number (ACRN) assigned to the accounting classification which pertains to the charges billed, e.g. "ACRN: AA," (3) the Order Number/PRON; and (4) in the address block, the Tax Identification Number, a point of contact and the telephone number.

d. The contractor may submit public vouchers/invoices not more frequently than bi-weekly, based on the level of effort expended under this contract. The voucher/invoice shall be computed based on the composite rate per hour specified in Section B-2 of this contract. The last or final voucher/invoice will not be paid until the Technical Monitor has accepted the final report.

e. In accordance with the general provision at FAR 52.246-15, the contractor shall submit the following certificate of conformance for each invoice/voucher as certification of having performed the number of hours being billed.

CERTIFICATE OF CONFORMANCE

I certify that on _____ (insert date), the _____ (insert contractor's name), furnished the Direct Productive Person Hours (DPPH) called for and identified on this invoice/voucher in accordance with Section B of contract No. DASG60-02-C-1000 and all other applicable requirements. I further certify that the supplies or services are of the quality specified and conform in all respects with the contract requirements, including specifications, drawings, preservation, packaging, packing, marking requirements, and physical item identification (part number), and are in the quantity shown on this or on the attached acceptance document.

Date of Execution: _____.

Signature: _____.

Title: _____.

G-2. CONTRACT ADMINISTRATION: Administration of this contract will be performed by the cognizant office as shown in Block 6, Page 1, Section A, of Standard Form 26. No changes, deviations, or waivers shall be effective without a modification of the contract executed by the Contracting Officer or his or her duly authorized representative authorizing such changes, deviations, or waivers.

G-3. CONTRACTING ACTIVITY REPRESENTATIVES:

| | <u>Contractual Matters</u> | <u>Technical Matters</u> |
|---------------------------------|----------------------------|--------------------------|
| NAME: | Michael Smith | Joseph Atwater |
| ORGANIZATIONAL CODE: | CSSD-CM-CK | CSSD-AT-P |
| TELEPHONE NUMBERS: | | |
| COMMERCIAL: | (256)-955-1000 | (256)-955-2000 |
| DEFENSE SWITCHED NETWORK (DSN): | 645-1000 | 645-2000 |

G-4. IDENTIFICATION OF CORRESPONDENCE: All correspondence and data submitted by the contractor under this contract shall reference the contract number.

G-5. ACCOUNTING AND APPROPRIATION DATA:

| | |
|-----------------|---|
| ACRN: | AA |
| ACCT CLASS: | 9960400.2501 536-6011 P622173.1660-2581 BB8B6076000 SO1021 BB8NB606000/5HHAO2/HH |
| BMDO Order No.: | BB-9-B606000-01 |
| Funded Amount: | \$100,000 |

G-6. INCREMENTAL FUNDING: This contract is incrementally funded in accordance with the clause at DFARS 252.232-7007. The Government will not be obligated to reimburse the contractor in excess of the amount allotted to the contract. Additional allotments of funds will become available only by modifications to this contract. The anticipated funding schedule is at subparagraph (i) of the clause at DFARS 252.232-7007. (DFARS 252.232-7007 is set forth in full text in section I of this contract).

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H-1. PUBLIC RELEASE OF INFORMATION:

a. In accordance with DFARS 252.204-7000, Disclosure of Information, the U.S. Army Space and Missile Defense Command Public Affairs Officer (SMDC-PA) is responsible for processing clearance of contractor-originated material for public release. This includes forwarding the material to appropriate Department of the Army agencies for actual clearance.

b. All material to be cleared shall be sent to:

U.S. Army Space and Missile Defense Command
ATTN: SMDC-PA
P.O. Box 1500
Huntsville, AL 35807-3801

H-2. DISTRIBUTION CONTROL OF TECHNICAL INFORMATION:

a. The following terms applicable to this clause are defined as follows:

(1) Technical Document. Any recorded information that conveys scientific and technical information or technical data.

(2) Scientific and Technical Information. Communicable knowledge or information resulting from or pertaining to conducting and managing a scientific or engineering research effort.

(3) Technical Data. Recorded information related to experimental, developmental, or engineering works that can be used to define an engineering or manufacturing process or to design, procure, produce, support, maintain, operate, repair, or overhaul material. The data may be graphic or pictorial delineations in media such as drawings or photographs, text in specifications or related performance or design type documents, or computer printouts. Examples of technical data include research and engineering data, engineering drawings, and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog-item identifications, and related information and computer software documentation.

b. Except as may otherwise be set forth in the Contract Data Requirements List (CDRL), DD Form 1423, (i) the distribution of any technical document prepared under this contract, in any stage of development or completion, is prohibited without the approval of the Contracting Officer and (ii) all technical documents prepared under this contract shall initially be marked with the following distribution statement, warning, and destruction notice:

(1) DISTRIBUTION STATEMENT F - Further dissemination only as directed by SMDC-IM-PA or higher DOD authority.

(2) WARNING - This document contains technical data whose export is restricted by the Arms Export Control Act (Title 22, U.S.C., Sec 2751 et seq.) or the Export Administration Act of 1979, as amended, Title 50, U.S.C., app 2401 et seq. Violation of these export laws are subject to severe criminal penalties. Disseminate in accordance with provisions of DOD Directive 5230.25.

(3) DESTRUCTION NOTICE - For classified documents, follow the procedures in DOD 5200.22-M, National Industrial Security Program Operating Manual (NISPOM), Chapter 5, Section 7, or DOD 5200.1-R, Information Security Program Regulation, Chapter IX. For unclassified, limited documents, destroy by any method that will prevent disclosure of contents or reconstruction of the document.

c. As a part of the review of preliminary or working draft technical documents, the Government will determine if a distribution statement less restrictive than Statement F specified above would provide adequate protection. If so, the Government's approval/comments will provide specific instructions on the distribution statement to be marked on the final technical documents before primary distribution.

H-3. KEY PERSONNEL: Key personnel (e.g., Principal Investigator, Principal Engineer, or equivalent) must be employed with the firm at the time of award and shall be maintained, to the maximum extent possible, throughout this program. The Principal Investigator must spend more than one-half of his/her time with the firm. Should changes be necessary, the contractor shall notify the Government in writing of the proposed substitutes and their qualifications. Implementation of the changes shall be subject to Government approval.

H-4. TECHNICAL COGNIZANCE AND TECHNICAL DIRECTION

a. The U.S. Army Space and Missile Defense Command is the cognizant Government technical organization for this contract and will provide technical direction as defined herein. Technical direction shall be exercised by the following Project Engineer:

| Name | Office symbol | Phone Number |
|---------|---------------|--------------|
| Lee Ray | SMDC-TC-AC | 256-955-1567 |

b. Technical direction, as defined in this clause is the process by which the progress of the contractor's technical efforts are reviewed and evaluated and guidance for the continuation of the effort is provided by the Government. It also includes technical discussions and, to the extent required and specified elsewhere in this contract, defining interfaces between contractors; approving test plans; approving preliminary and critical design reviews; participating in meetings; providing technical and management information; and responding to request for research and development planning data on all matters pertaining to this contract. The contractor agrees to accept technical direction only in the form and procedure set forth herein below.

c. Except for routine discussions having no impact on the contractor performance, any and all technical direction described in paragraph b. above shall only be authorized and binding on the contractor when issued in writing and signed by a Government official designated in a. above. The Technical Direction shall not effect or result in a change within the meaning of the "CHANGES" clause, or any other change in the Scope of Work, price, schedule, or the level of effort required by the contract. Such changes must be executed by the Contracting Officer as a Modification-Change Order, or as a modification-Supplemental Agreement, as appropriate. It is emphasized that such changes are outside the authority of the Government officials designated in a. above who are not authorized to issue any directions which authorize the contractor to exceed or perform less than the contract requirements. Notwithstanding any provision to the contrary in any Technical Directive, the estimated cost of this contract, and, if this contract is incrementally funded, the amount of funds allotted, shall not be increased or deemed to be increased by issuance thereof.

H-5. CONTRACT SECURITY CLASSIFICATION:

a. This contract is unclassified and does not contain security requirements or a Contract Security Classification Specification, DD Form 254.

b. In accordance with restrictions required by Executive Order 12470, the Arms Export Control Act (Title 22, USC) (Sec 275), the International Traffic in Arms Regulation (ITAR), or DoD directive 5230.25, Withholding of Unclassified Technical Data from Public Disclosure, no foreign nationals will be permitted to work on a contract without express permission of the Contracting Officer.

c. Should the government determine that the technology has developed to a point where the information warrants protection under Executive Order 12958, Classified National Security Information, a DD Form 254 and an approved classification guide will be issued to the contractor and appropriate steps will be taken under the contract to protect the material.

H-6. METRIC AND PRODUCT ASSURANCE REQUIREMENTS: The contractor shall assure that all deliverables under this contract shall meet industry standards of quality and, where practical, metric measurements.

H-7. SAFETY HAZARDS: The contractor shall identify, control, and document the hazards associated with this effort and the control methods necessary to eliminate or control the hazards. Significant items shall be addressed in status meetings and included in the final report.

H-8. ENVIRONMENTAL: The contractor agrees to the following:

a. All activities performed under this contract shall be conducted in accordance with Federal, State, and local environmental laws and regulations.

b. Any facility to be used in the performance of this contract shall be in compliance with all Federal, State, and local environmental laws and regulations for its intended use.

H-9. SPECIAL TEST EQUIPMENT: The contractor may fabricate a prototype system for perpetual motion, which will be a functional entity for special testing purposes. Components which may be acquired for the prototype system are set forth below:

| DESCRIPTION | QUANTITY | ESTIMATED COST |
|-------------|--------------|----------------|
| Smoke | 1000 cu. ft. | \$ 1,500.00 |
| Mirrors | 100 ea. | \$ 22,000.00 |
| ——— Total | ——— | \$ 23,500.00 |

The government will acquire title to the material/equipment when it is acquired, produced, or first used by the contractor in the performance of this contract. The contracting officer will give disposition instructions for such property at the end of the contract period of performance.

H-10. PROPOSAL PAGES WITH PROPRIETARY MARKINGS: Pages 7 through 9 of the contractor's SBIR Phase II proposal are incorporated by reference only. With regard to the restriction set forth in the proprietary legend at the bottom of page 1 of contractor's proposal, the contractor agrees that the Government may duplicate, use and/or disclose the proprietary pages of his proposal within the Government, to the extent necessary to implement and administer this contract. Such proprietary pages shall retain the proprietary markings placed thereon by the contractor. This special provision does not address or affect the respective rights of the parties in technical data/software delivered to the Government under this contract.

PART II - CONTRACT CLAUSES**SECTION 8 - CONTRACT CLAUSES**

CLAUSES INCORPORATED BY REFERENCE (FEB 1998) (FAR 52.252-2): This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address: (to be provided by contracting activity)

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

| <u>CLAUSE NUMBER</u> | <u>FAR CITATION</u> | <u>CLAUSE TITLE</u> | <u>DATE</u> |
|--------------------------|-------------------------|--|-------------|
| * 1. | 52.202-1 | DEFINITIONS | DEC 2001 |
| * 2. | 52.203-3 | GRATUITIES APR 1984 | |
| * 3. | 52.203-5 | COVENANT AGAINST CONTINGENT FEES | APR 1984 |
| * 4. | 52.203-6 | RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT | JUL 1995 |
| * 5. | 52.203-7 | ANTI-KICKBACK PROCEDURES | JUL 1995 |
| * 6. | 52.203-8 | CANCELLATION, RECESSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY | JAN 1997 |
| * 7. | 52.203-10 | PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY | JAN 1997 |
| * 8. | 52.203-12 | LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS | JUN 2003 |
| 9. | 52.204-2 | SECURITY REQUIREMENTS | AUG 1996 |
| * 10. | 52.204-4 PAPER | PRINTING/COPYING DOUBLE-SIDED ON RECYCLED | AUG 2000 |
| 11. | 52.209-6 | PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT | JUL 1995 |
| 12. | 52.211-15 | DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS | SEP 1990 |
| * 13. | 52.215-2 | AUDIT AND RECORDS - NEGOTIATION | JUN 1999 |
| 14. | 52.215-8 | ORDER OF PRECEDENCE - UNIFORM CONTRACT FORMAT | OCT 1997 |

| <u>CLAUSE NUMBER</u> | <u>FAR CITATION</u> | <u>CLAUSE TITLE</u> | <u>DATE</u> |
|--------------------------|-------------------------|--|----------------------|
| *** 15. | 52.215-10 DATA | PRICE REDUCTION FOR DEFECTIVE COST OR PRICING | OCT 1997 |
| *** 16. | 52.215-12 | SUBCONTRACTOR COST OR PRICING DATA | OCT 1997 |
| *** 17. | 52.215-15 | PENSION ADJUSTMENTS AND ASSET REVERSIONS | DEC 1998 |
| *** 18. | 52.215-18 | REVERSION OR ADJUSTMENT OF PLANS FOR POSTRETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS | OCT 1997 |
| * 19. | 52.219-8 | UTILIZATION OF SMALL BUSINESS CONCERNS | OCT 2000 |
| 20. | 52.222-3 | CONVICT LABOR | JUN 2003 |
| 21. | 52.222-21 | PROHIBITION OF SEGREGATED FACILITIES | FEB 1999 |
| 22. | 52.222-26 | EQUAL OPPORTUNITY | ARL 2002 |
| 23. | 52.222-35 | AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND ERA VETERANS | DEC 2001 |
| 24. | 52.222-36 | AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS | JUN 1998 |
| 25. | 52.222-37 | EMPLOYMENT REPORTS ON SPECIAL DISABLED AND VETERANS OF THE VIETNAM ERA AND OTHER ELIGIBLE VETERANS | DEC 2001 |
| * 26. | 52.223-6 | DRUG-FREE WORKPLACE | MAY 2001 |
| * 27. | 52.223-14 | TOXIC CHEMICAL RELEASE REPORTING | AUG 2003 |
| 28. | 52.225-13 | RESTRICTIONS ON CERTAIN FOREIGN PURCHASES | JUL 2003 |
| * 29. | 52.227-1 52.227-1 | AUTHORIZATION AND CONSENT ALTERNATE I | JUL 1995 APR 1984 |
| * 30. | 52.227-2 | NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT | AUG 1996 |
| 31. | 52.227-11 | PATENT RIGHTS - RETENTION BY THE CONTRACTOR (SHORT FORM) | JUN 1997 |
| * 32. | 52.229-3 | FEDERAL, STATE, AND LOCAL TAXES | APR 2003 |
| 33. | 52.232-2 | PAYMENTS UNDER FIXED-PRICE RESEARCH AND DEVELOPMENT CONTRACTS | APR 1984 |

| <u>CLAUSE NUMBER</u> | <u>FAR CITATION</u> | <u>CLAUSE TITLE</u> | <u>DATE</u> |
|--------------------------|-------------------------|--|-------------|
| 34. | 52.232-9 | LIMITATION ON WITHHOLDING OF PAYMENTS | APR 1984 |
| * 35. | 52.232-17 | INTEREST | JUN 1996 |
| 36. | 52.232-23 | ASSIGNMENT OF CLAIMS | JAN 1986 |
| | 52.232-23 | ALTERNATE I | APR 1984 |
| 37. | 52.232-25 | PROMPT PAYMENT in paragraph (b) (2), second sentence, insert "7th" in the blank | FEB 2002 |
| 38. | 52.232-33 | PAYMENT BY ELECTRONIC FUNDS TRANSFER - - CENTRAL CONTRACTOR REGISTRATION | MAY 1999 |
| 39. | 52.233-1 | DISPUTES | JUL 2002 |
| 40. | 52.233-3 | PROTEST AFTER AWARD | AUG 1996 |
| * 41. | 52.242-13 | BANKRUPTCY | JUL 1995 |
| * 42. | 52.244-5 | COMPETITION IN SUBCONTRACTING | DEC 1996 |
| 43. | 52.245-4 | GOVERNMENT FURNISHED PROPERTY (SHORT FORM) | JUN 2003 |
| * 44. | 52.246-16 | RESPONSIBILITY FOR SUPPLIES | APR 1984 |
| # 45. | 52.249-1 | TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED PRICE)(SHORT FORM) | APR 1984 |
| * 46. | 52.249-2 | TERMINATION FOR CONVENIENCE OF THE (FIXED-PRICE) | SEP 1996 |
| * 47. | 52.249-9 | DEFAULT (FIXED PRICE RESEARCH AND DEVELOPMENT) | APR 1984 |
| 48. | 52.253-1 | COMPUTER GENERATED FORMS | JAN 1991 |

II. DOD FAR SUPPLEMENT (48 CFR CHAPTER 2) CLAUSES

| <u>CLAUSE NUMBER</u> | <u>DFARS CITATION</u> | <u>CLAUSE TITLE</u> | <u>DATE</u> |
|--------------------------|---------------------------|--|-------------|
| * 1. | 252.203-7001 | PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT-RELATED FELONIES | MAR 1999 |
| 2. | 252.204-7000 | DISCLOSURE OF INFORMATION | DEC 1991 |
| 3. | 252.204-7003 | CONTROL OF GOVERNMENT PERSONNEL WORK PRODUCT | APR 1992 |
| 4. | 252.204-7004 | REQUIRED CENTRAL CONTRACT REGISTRATION | NOV 2001 |
| ** 5. | 252-205-7000 | PROVISION OF INFORMATION TO COOPERATIVE AGREEMENT HOLDERS | DEC 1991 |
| * 6. | 252.209-7000 | ACQUISITIONS FROM SUBCONTRACTORS SUBJECT TO ON-SITE INSPECTION UNDER THE INTERMEDIATE RANGE NUCLEAR FORCES (INF) TREATY | NOV 1995 |
| 7. | 252.209-7004 | SUBCONTRACTING WITH FIRMS THAT ARE OWNED OR CONTROLLED BY THE GOVERNMENT OF A TERRORIST COUNTRY | MAR 1998 |
| ** 8. | 252-215.7000 | PRICING ADJUSTMENTS | DEC 1991 |
| *** 9. | 252-215-7002 | COST ESTIMATING SYSTEM REQUIREMENTS | OCT 1998 |
| * 10. | 252.225-7012 | PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES | FEB 2003 |
| 11. | 252.227-7016 | RIGHTS IN BID OR PROPOSAL INFORMATION | JUN 1995 |
| 12. | 252.227-7018 | RIGHTS IN NONCOMMERCIAL TECHNICAL DATA AND COMPUTER SOFTWARE--SMALL BUSINESS INNOVATIVE RESEARCH (SBIR) PROGRAM | JUN 1995 |
| 13. | 252.227-7019 | VALIDATION OF ASSERTED RESTRICTIONS-- COMPUTER SOFTWARE | JUN 1995 |
| 14. | 252.227-7030 | TECHNICAL DATA—WITHHOLDING OF PAYMENT | MAR 2000 |

| <u>CLAUSE NUMBER</u> | <u>DFARS CITATION</u> | <u>CLAUSE TITLE</u> | <u>DATE</u> |
|--------------------------|---------------------------|---|-------------|
| 15. | 252.227-7034 | PATENTS—SUBCONTRACTS | APR 1984 |
| 16. | 252.227-7036 | CERTIFICATION OF TECHNICAL DATA CONFORMITY | JAN 1997 |
| 17. | 252.227-7037 | VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA | SEP 1999 |
| 18. | 252.227-7039 | PATENTS--REPORTING OF SUBJECT INVENTIONS | APR 1990 |
| * 19. | 252.231-7000 | SUPPLEMENTAL COST PRINCIPLES | DEC 1991 |
| 20. | 252.232-7003 | ELECTRONIC SUBMISSION OF PAYMENT REQUESTS | MAR 03 |
| 21. | 252.235-7010 | ACKNOWLEDGMENT OF SUPPORT AND DISCLAIMER | MAY 1995 |
| 22. | 252.235-7011 | FINAL SCIENTIFIC OR TECHNICAL REPORT | SEP 1999 |
| 23. | 252.243-7001 | PRICING OF CONTRACT MODIFICATIONS | DEC 1991 |
| 24. | 252.243-7002 | REQUESTS FOR EQUITABLE ADJUSTMENTS | MAR 1998 |
| 25. | 252.247-7023 | TRANSPORTATION OF SUPPLIES BY SEA | MAR 2000 |
| 26. | 252.247-7024 | NOTIFICATION OF TRANSPORATATION OF SUPPLIES BY SEA | MAR 2000 |

* This clause usually applies when the contract amount exceeds \$100,000.

** This clause usually applies when the contract amount exceeds \$500,000.

*** This clause usually applies in contracts awarded on the basis of certified cost or pricing data.

This clause applies in place of 52.249-2 when the contract amount is \$100,000 or less.

DFARS 252.232-7007 LIMITATION OF GOVERNMENT'S OBLIGATION (AUG 1993)

(a) Contract line items 0001 through 0002 are incrementally funded. For these items, the sum of \$100,000 is presently available for payment and allotted to this contract. An allotment schedule is contained in paragraph (i) of this clause.

(b) For the item(s) identified in paragraph (a) of this clause, the Contractor agrees to perform up to the point at which the total amount payable by the Government, including reimbursement in the event of termination of those item(s) for the Government's convenience, approximates the total amount currently allotted to the contract. The Contractor will not be obligated to continue work on those item(s) beyond that point. The Government will not be obligated in any event to reimburse the Contractor in excess of the amount allotted to the contract those item(s) regardless of anything to the contrary in the clause entitled "Termination for Convenience of the Government." As used in this clause, the total amount payable by the Government in the event of termination of applicable contract line item(s) for convenience includes costs, profit, and estimated termination settlement costs for those item(s).

(c) Notwithstanding the dates specified in the allotment schedule in paragraph (i) of this clause, the Contractor will notify the Contracting Officer in writing at least ninety days prior to the date when, in the Contractor's best judgment, the work will reach the point at which the total amount payable by the Government, including any cost for termination for convenience, will approximate 85 percent of the total amount then allotted to the contract for performance of the applicable item(s). The notification will state

(1) the estimated date when that point will be reached and (2) an estimate of additional funding, if any, needed to continue performance of applicable line items up to the next scheduled date for allotment of funds identified in paragraph (i) of this clause, or to a mutually agreed upon substitute date. The notification will also advise the Contracting Officer of the estimated amount of additional funds that will be required for the timely performance of the item(s) funded pursuant to this clause, for a subsequent period as may be specified in the allotment schedule in paragraph (i) of this clause or otherwise agreed to by both parties. If after such notification additional funds are not allotted by the date identified in the Contractor's notification, or by an agreed substitute date, the Contracting Officer will terminate any item(s) for which additional funds have not been allotted, pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(d) When additional funds are allotted for continued performance of the contract line item(s) identified in paragraph (a) of this clause, the parties will agree as to the period of contract performance which will be covered by the funds. The provisions of paragraphs (b) through (d) of this clause will apply in like manner to the additional allotted funds and agreed substitute date, and the contract will be modified accordingly.

(e) If, solely by reason of failure of the Government to allot additional funds, by the dates indicated below, in amounts sufficient for timely performance of the contract line item(s) identified in paragraph (a) of this clause, the Contractor incurs additional costs or is delayed in the performance of the work under this contract and if additional funds are allotted, an equitable adjustment will be made in the price or prices (including appropriate target, billing, and ceiling prices where applicable) of the item(s), or in the time of delivery, or both. Failure to agree to any such equitable adjustment hereunder will be a dispute concerning a question of fact within the meaning of the clause entitled "Disputes."

(f) The Government may at any time prior to termination allot additional funds for the performance of the contract line item(s) identified in paragraph (a) of this clause.

(g) The termination provisions of this clause do not limit the rights of the Government under the clause entitled "Default." The provisions of this clause are limited to the work and allotment of funds for the contract line item(s) set forth in paragraph (a) of this clause. This clause no longer applies once the contract is fully funded except with regard to the rights or obligations of the parties concerning equitable adjustments negotiated under paragraphs (d) and (e) of this clause.

(h) Nothing in this clause affects the right of the Government to terminate this contract pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(i) The parties contemplate that the Government will allot funds to this contract in accordance with the following schedule:

| | |
|---------------------------|-----------|
| On execution of Contract: | \$100,000 |
| April 10, 2002: | \$125,000 |
| August 10, 2003: | \$125,000 |
| December 10, 2003: | \$125,000 |
| April 10, 2004: | \$125,588 |

(End of clause)

PART III - LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS**SECTION J - LIST OF ATTACHMENTS**

| <u>TITLE</u> | <u>DATE</u> | <u>NO.OF PAGES</u> |
|---|-------------|--------------------|
| Award/Contract (SF 26) and Continuation Sheets | 10 DEC 01 | 17 |
| Contract Data Requirements List (DD Form 1423) Exhibit A with Distribution List and Data Item Descriptions (DD Form 1664s) | Undated | 7 |
| Small Business Innovation Research Program Proposal titled "Weightless Perpetual Motion Machine" pages 7 through 9, incorporated herein by reference. | 14 Jul 01 | 3 |

Contractor's Representations and Certifications are incorporated herein by reference.

INFORMATIONAL - THIS STATEMENT IS NOT TO BE INCLUDED IN THE CONTRACT.

Per FAR 4.203:

“(a) If the contractor has furnished a Taxpayer Identification Number (TIN) when completing the solicitation provision at 52.204-3, Taxpayer Identification, or paragraph (b) of the solicitation provision at 52.212-3, Offeror Representations and Certifications – Commercial Items, the contracting officer shall, unless otherwise provided in agency procedures, attach a copy of the completed solicitation provision as the last page of the copy of the contract sent to the payment office.

(b) If the TIN or type of organization is derived from a source other than the provision at 52.204-3 or 52.212-3(b), the contracting officer shall annotate the last page of the contract or order forwarded to the payment office to state the contractor's TIN and type of organization, unless this information is otherwise provided to the payment office in accordance with agency procedures.”

SAMPLE JUSTIFICATION FOR A FIRM-FIXED-PRICE, LEVEL-OF-EFFORT CONTRACT

MEMORANDUM FOR CONTRACT FILE

1. The U.S. Army Space and Strategic Defense Command shall enter into Contract DASG60-99-C-1000 with Primary Research, Inc. on a firm-fixed-price/level of effort basis. The effort is for Research and Development under the Small Business Innovation Research (SBIR) Program. The work is described in Primary Research, Inc. SBIR proposal entitled "Weightless Perpetual Motion Machine," dated 14 July 01. The negotiated firm-fixed-price is \$600,588 and the period of performance is for twenty-four (24) months.

2 A firm-fixed-price, level-of-effort term contract, as discussed at DFARS 216-104-70(b)(3) and DFARS 235.006(b)(i)(C)(2), is appropriate because:

- a. The level of program risk permits realistic pricing;
- b. The use of a fixed-price type contract permits an equitable and sensible allocation of program risk between the government and the contractor;
- c. The required level of contractor effort has been identified and agreed upon; and
- d. There is reasonable assurance that the intended result cannot be achieved by expending less than the stipulated effort.

DATE: 10 December 2001

John P. Smith
Contracting Officer

SAMPLE ASSIGNMENT OF ADMINISTRATION FOR CONTRACT

MEMORANDUM FOR DMC

SUBJECT: Assignment of Administration for Contract DASG60-02-C-1000/Primary Research, Inc.

Subject contract is hereby assigned for contract administration functions listed under Federal Acquisition Regulation (FAR) 42.302(a), except for subparagraphs (38), (40), and (43) through (47), functions which shall be retained.

This contract was awarded under the Small Business Innovation Research (SBIR) Program, congressionally authorized contracting program designed to assist in the commercialization of small business innovations. This firm fixed price, level of effort, contract is designed to allow composite rate billing based on the level of effort performed. The contract allows the contractor to self-certify his/her performance of the level of effort when submitting invoices. Invoices may be submitted bi-weekly.

You are requested to approve the invoice and send it directly to the cognizant Defense Financial and Accounting Service office for prompt payment. Since the primary deliverable under this contract is an acceptable final report, it is requested that final payment be held in abeyance until the Technical Monitor accepts the final report. It is further requested that a copy of the paid voucher be forwarded to U. S. Army Space and Missile Defense Command, (SMDC-CM-CT/Brown) for the processing of closing out the contract.

Copies of the executed contract and one copy of the letter designating the Technical Monitor to act with respect to technical matters are enclosed.

Please acknowledge acceptance by signing, dating, and returning one copy of this letter. Point of contact for this contract is Ms. Contract Specialist, (256) 955-4240.

J. P. SMITH
Contracting Officer

Encls

Receipt