

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

2. AMENDMENT/MODIFICATION NO. P00202		3. EFFECTIVE DATE See Blk. 18C SPM3S1	4. REQUISITION/PURCHASE REQ. NO. See Block 14	1. CONTRACT ID CODE J	PAGE OF PAGES 1 18
6. ISSUED BY DLA TROOP SUPPORT SUBSISTENCE SUPPLY CHAIN 700 ROBBINS AVENUE PHILADELPHIA PA 19111-5096 USA Initiator: Debbie Goffman PSPTRAA Tel: 215-737-2079 FAX: 215-737-4115 Email: DEBRA.GOFFMAN@DLA.MIL		CODE	7. ADMINISTERED BY (If other than Item 6) DLA TROOP SUPPORT SUBSISTENCE SUPPLY CHAIN 700 ROBBINS AVENUE PHILADELPHIA PA 19111-5096 USA	CODE	5. PROJECT NO. (If applicable) SPM3S1

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) AMERIQUEL GROUP LLC AMERIQUEL FOODS 18200 HIGHWAY 41 N EVANSVILLE IN 47726-8588 USA	(X)	9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
	X	10A. MODIFICATION OF CONTRACT/ORDER NO SPM3S1-13-D-Z192
		10B. DATED (SEE ITEM 13) 2013 MAR 01

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
 (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Changes Clause 52.212-4(c) & Clauses FAR 52.245-1, FAR 52.245-2, FAR 52.266-9
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See Continuation Sheet

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) John D Knapp Senior Vice President	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Debbie Goffman, Contracting Officer
15B. CONTRACTOR/OFFICER <i>John D Knapp</i> (Signature of person authorized to sign)	16B. UNITED STATES OF AMERICA <i>Debbie Goffman</i> (Signature of Contracting Officer)
16C. DATE SIGNED 8.6.13	16C. DATE SIGNED Aug 6, 2013

28. Definitions: As used throughout this Agreement, the following terms shall have the meanings set forth below.

a. The term "Contracting Officer" means the person executing this Agreement on behalf of the Government, and any other officer or civilian employee who is properly designated a Contracting Officer, cognizant of this contract, and the term includes, except as otherwise provided, the authorized representative of the Contracting Officer acting within the limits of his authority.

b. "Administrative Contracting Officer" refers to the Contracting Officer who is responsible for administering this Agreement.

29. Purpose: The specific purpose of this Agreement is to provide the Defense Logistics Agency DLA Troop Support with surge capability in the event of a contingency.

30. Unauthorized to Commit U. S. Government: The Contractor is not authorized to commit the U. S. Government to any transactions. Requests for sale of defense articles will be subject to established review procedures and applicable statutes and regulations.

31 Approval: This Agreement shall be subject to the written approval of the Director of Contracting and Production or his duly authorized representative and shall not be binding until approved.

32. Alterations: The following changes were made in this Agreement before it was signed by the parties hereto: NONE

33. The contractor waives any and all claims related to or connected with the issuance of this modification. This document contains the complete agreement of the parties. There are no collateral agreements, reservations of understandings other than expressly set forth herein. It is agreed that no subsequent modification of this agreement shall be binding unless reduced to writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this day and year first above written.

UNITED STATES OF AMERICA
BY Debbie Goffman
DEBBIE GOFFMAN
CONTRACTING OFFICER

AMERICAL GROUP LLC
BY John Knapp
JOHN KNAPP
SENIOR VICE PRESIDENT

8.6.13
DATE

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DATE

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE J	PAGE OF PAGES 1 18
2. AMENDMENT/MODIFICATION NO. P00202		3. EFFECTIVE DATE See Blk. 16C	4. REQUISITION/PURCHASE REQ. NO. See Block 14	5. PROJECT NO. (If applicable)	
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8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) AMERIQUEAL GROUP, LLC AMERI QUAL FOODS 18200 HIGHWAY 41 N EVANSVILLE IN 47725-8588 USA				(X)	9A. AMENDMENT OF SOLICITATION NO.
					9B. DATED (SEE ITEM 11)
				X	10A. MODIFICATION OF CONTRACT/ORDER NO. SPM3S1-13-D-Z192
CODE 0DVS0 FACILITY CODE					10B. DATED (SEE ITEM 13) 2013 MAR 01

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(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

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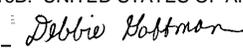
CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
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X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Changes Clause 52.212-4(c) & Clauses FAR 52.245-1, FAR 52.245-2, FAR 52.256-9
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See Continuation Sheet

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		Debbie Goffman PSPTRAA	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
(Signature of person authorized to sign)		 (Signature of Contracting Officer)	2013 AUG 19

Part 12 Clauses

1. The purpose of this modification is to incorporate a Government Furnished Equipment (GFE) Lease Agreement into Ameriquel Contract SPM3S1-13-D-Z192 and establish a use and fee Agreement between Ameriquel Group, LLC and the U.S. Government to allow for commercial use of the property not to exceed a total period of use of thirteen weeks (25% of the contractor's normal work schedule in any contract fiscal year as defined in paragraph 6(c) hereof.

The GFE is as follows:

(3) Allpax Retorts: Serial numbers J56-096-2010, J56-097-2010 and J56-098-2010 and (1) Tray Sealer: Koch Model Kats 1402.

GOVERNMENT FURNISHED EQUIPMENT LEASE AGREEMENT

THIS AGREEMENT, made and entered into this _____, by and between the United States Government through its agency, DLA Troop Support, an operational component of the Defense Logistics Agency, by its authorized agent, the Procuring Contracting Officer (PCO) (hereinafter referred to as the "Government") and Ameriquel Group LLC (hereinafter called the contractor).

WITNESSETH THAT,

1. The Government and the Contractor hereby agree to the following terms and conditions hereinafter set forth, for the use of the personal property listed in paragraph 2 hereof.

2. ASSETS. This Agreement authorizes the Government to take possession of and retain on the premises described below the following Government Furnished Equipment:

(3) Allpax Retorts: Serial numbers J56-096-2010, J56-097-2010 and J56-098-2010 and (1) Tray Sealer: Koch Model Kats 1402.

For the period specified in paragraph 8 below. The approved premises shall be the Contractor's plant located at:

Ameriquel Group LLC
18200 Highway 41 North
Evansville, IN 47725

Acceptance of this equipment consents to participation in a GFE Monitoring Initiative which when completed will provide to the Chief, Subsistence Industrial Base Planning Office usage data for GFE on a regular basis. Rutgers University Center for Advanced Food Technology will be assisting with this initiative.

3. INSTALLATION AND TRANSPORTATION.

Ameriquel will pay for all shipping costs from the storage sites to their facility and for all installation costs of the equipment in their facility.

Ameriquel will have 12 months from the date of receipt at their facility to install the equipment and make it 100% operational. Once installed, the DLA Troop Support Subsistence Industrial Base Planning Office will visit the facility to monitor initial operational testing.

4. USAGE AND MAINTENANCE

a. Government Use. The contractor is authorized the free use of the GFE described in paragraph 2 above, in the performance of the subject contract.

All equipment should be cycled through at least twice per month for one shift to ensure seal integrity, prevent rust issues and allow oils and other lubricants to work through the system. Non-Government usage will be coordinated with the Contracting Officer and the Chief of the Subsistence Industrial Base Planning Office.

b. All maintenance and upgrades are the responsibility of Ameriquel. Ameriquel will notify the Contracting Officer and the Chief, Subsistence Industrial Program Office of any repairs to the GFE in the event that a maintenance problem will affect surge production. Ameriquel will provide a written justification of the repair costs. Ameriquel will be responsible for normal wear and tear replacement costs resulting from the use of the GFE.

c. Commercial use up to 25%. Commercial use is also encouraged and is hereby authorized, but for a total period of use not to exceed thirteen weeks (25%) of the contractor's normal work schedule in any fiscal year. (See FAR 45.301) That is, for a contractor running five eight hour shifts per week, the use here authorized should not exceed sixty-five eight hour shifts in a fiscal year. (Any portion of a shift shall be counted as a whole shift for the purpose of calculating this limitation.) A fiscal year is 365 days from the effective date of the Agreement, including day one (or 366 days if the fiscal year includes a February 29th). The contractor shall keep as defined in paragraph 9 hereof, an accurate record of all use. Any questions about the computation of the 25% limitation should be directed to the Contracting Officer either before the commencement of this Agreement or as soon as possible thereafter.

d. Commercial use exceeding 25%. DLA Troop Support has been delegated the approval for commercial use. DLA Troop Support must approve commercial use exceeding 25% of the time available for use, as determined in accordance with FAR 45.301. A contractor desiring to exceed that limit should therefore request from the PCO permission to do so and should specify how long a period of use exceeding 25% is requested, and should be submitted at least six weeks before the projected use.

5. RESTRICTIONS: a. The use of the GFE shall be restricted to the limitations of the applicable Allpax Retort Technical Manuals and applicable FDA and USDA regulations.

b. Qualified operators and technicians shall be the only persons permitted to operate or make repairs on this property.

c. The Contractor is not authorized to effect any nonstandard modifications to the property without the written consent of the Contracting Officer.

6. SPARES AND SUPPORT EQUIPMENT: In the event a Government Furnished piece of property is either damaged or consumed during the term of this Agreement, the Contractor shall repair or replace that item at no cost to the Government.

7. RIGHT OF PREEMPTIVE USE. The equipment's primary purpose is to augment the surge capacity available to the Government. Since the government expects to authorize use of the equipment for commercial contracts, the Government reserves the right to preempt such use whenever, in the judgment of the Contracting Officer, exigent circumstances require that the

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equipment be reserved solely for Government contracts. In such instances the Contracting Officer will provide two weeks written notice to the Contractor that the Government is exercising its right of preemptive use. At the end of that two-week period, use of the equipment for commercial contracts shall cease and it may be used only as directed by the Contracting Officer. The Contractor should consider this right of preemptive use and must provide for it in any commercial contract for which it intends to use the equipment. A shared-production Agreement or some similar arrangement is recommended.

8. PERIOD OF AGREEMENT:: a. This Agreement shall be for a period of one (1) year from the effective date, which shall be the date the Contractor's offer (this document signed by the Contractor) is executed by the PCO, which shall be not more than thirty days after that signed offer is received by the Government. The Agreement shall be terminable at any time during this period of time by either party giving to the other two weeks (fourteen calendar days) written notice of termination. The notice period will begin when it is received; day one will be the day after receipt; and the Agreement will expire at the end of the fourteenth calendar day after receipt. In the absence of such notice, the Agreement shall renew for an additional period of one year, and so on from year to year, until either party shall give the other two-weeks written notice of termination.

b This Agreement constitutes general authorization for the contractor to have possession of the equipment on the approved premises. Authorization for use must be specifically requested and granted as provided in paragraph 4, Usage and Maintenance, above, except to the extend authorization is specifically granted in that paragraph.

9. USE FEES:

The contractor shall pay the Government a use fee based on the use of the equipment in any non government work. The use fee for each Allpax Retort is \$12.50 per hour for actual hours used and the use fee for each Koch Model Kats Sealer is \$12.50 per hour for actual hours used. The use fee shall be calculated as follows:

Monthly Use Fee: Number of hours used X \$12.50 per hour = Use Fee

- b. The contractor shall be responsible for maintaining usage records and providing such records, which are certified by the resident USDA Inspector or designated DCMA official, to the Contracting Officer, Joanne M. Jaworski, with a statement explaining the use fee due, and a certified check in accordance with paragraph 9F.

This documentation and payment shall be provided to the Government on or before the 10th day after each calendar month. For any month in which the contractor has no non-government use, the contractor shall forward a notarized statement of non-usage no later than the 10th day after each such month.

c. This Government's acceptance of a use-fee payment shall not limit the Government's right to reassess a higher use fee if subsequent information demonstrates that a higher use fee was due in accordance with the calculation in Paragraph 9 (a).

d. The rental accrued at the expiration, termination or revocation of this Agreement, shall be paid to the Government on or before the 10th day of the month after the calendar month when notice was given.

e. Failure of the Contractor to provide this information to the Contracting Officer, Debbie Goffman, by the 10th of each succeeding month shall result in a use fee for that month of \$2,625 for each Allpax Retort and each Koch Sealer. This figure is based on .75% of the purchase price of the GFE which is \$350,000 per retort and \$350,000 per sealer.

f. Payment of use fees for the equipment and spare parts will be made by check in the following manner:

- (i.) Submit payment for use fees for the (3) Allpax Retorts and (1) Koch Sealer to:

DLA Troop Support
Bldg 6, DLA Troop Support-FTRA
ATTN: Debbie Goffman or Marta Blanco-Gunn
700 Robbins Avenue
Philadelphia, PA 19111

- (ii.) Check should be made out to:

The United States Treasury Department

(iii) Payment shall be annotated to indicate the Agreement Number (contract \$ modification number). The payment should indicate any offsets authorized in the Agreement.

g. The following clause is hereby incorporated by text:

FAR 52.245-9, Use and Charges (APR 2012)

(a) *Definitions.* Definitions applicable to this contract are provided in the clause at 52.245-1, Government Property. Additional definitions as used in this clause include:

"Rental period" means the calendar period during which Government property is made available for nongovernmental purposes.

"Rental time" means the number of hours, to the nearest whole hour, rented property is actually used for nongovernmental purposes. It includes time to set up the property for such purposes, perform required maintenance, and restore the property to its condition prior to rental (less normal wear and tear).

(b) *Use of Government property.* The Contractor may use the Government property without charge in the performance of—

- (1) Contracts with the Government that specifically authorize such use without charge;

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(2) Subcontracts of any tier under Government prime contracts if the Contracting Officer having cognizance of the prime contract—

(i) Approves a subcontract specifically authorizing such use; or

(ii) Otherwise authorizes such use in writing; and

(3) Other work, if the Contracting Officer specifically authorizes in writing use without charge for such work.

(c) *Rental.* If granted written permission by the Contracting Officer, or if it is specifically provided for in the Schedule, the Contractor may use the Government property (except material) for a rental fee for work other than that provided in paragraph (b) of this clause. Authorizing such use of the Government property does not waive any rights of the Government to terminate the Contractor's right to use the Government property. The rental fee shall be determined in accordance with the following paragraphs.

(d) *General.*

(1) Rental requests shall be submitted to the Administrative Contracting Officer (ACO), identify the property for which rental is requested, propose a rental period, and compute an estimated rental charge by using the Contractor's best estimate of rental time in the formulae described in paragraph (e) of this clause.

(2) The Contractor shall not use Government property for nongovernmental purposes, including Independent Research and Development, until a rental charge for real property, or estimated rental charge for other property, is agreed upon. Rented property shall be used only on a non-interference basis.

(e) *Rental charge.—*

(1) *Real property and associated fixtures.*

(i) The Contractor shall obtain, at its expense, a property appraisal from an independent licensed, accredited, or certified appraiser that computes a monthly, daily or hourly rental rate for comparable commercial property. The appraisal may be used to compute rentals under this clause throughout its effective period or, if an effective period is not stated in the appraisal, for one year following the date the appraisal was performed. The Contractor shall submit the appraisal to the ACO at least 30 days prior to the date the property is needed for nongovernmental use. Except as provided in paragraph (e)(1)(iii) of this clause, the ACO shall use the appraisal rental rate to determine a reasonable rental charge.

(ii) Rental charges shall be determined by multiplying the rental time by the appraisal rental rate expressed as a rate per hour. Monthly or daily appraisal rental rates shall be divided by 720 or 24, respectively, to determine an hourly rental rate.

(iii) When the ACO believes the appraisal rental rate is unreasonable, the ACO shall promptly notify the Contractor. The parties may agree on an alternative means for computing a reasonable rental charge.

(iv) The Contractor shall obtain, at its expense, additional property appraisals in the same manner as provided in paragraph (e)(1)(i) if the effective period has expired and the Contractor desires the continued use of property for nongovernmental use. The Contractor may obtain additional appraisals within the effective period of the current appraisal if the market prices decrease substantially.

(2) *Other Government property.* The Contractor may elect to compute the rental charge using the appraisal method described in paragraph (e)(1) of this clause subject to the constraints therein or the following formula in which rental time shall be expressed in increments of not less than one hour with portions of hours rounded to the next higher hour: The hourly rental charge is calculated by multiplying 2 percent of the acquisition cost by the hours of rental time, and dividing by 720.

(3) *Alternative methodology.* The Contractor may request consideration of an alternative basis for computing the rental charge if it considers the monthly rental rate or a time-based rental unreasonable or impractical.

(f) *Rental payments.*

(1) Rent is due 60 days following completion of the rental period or as otherwise specified in the contract. The Contractor shall compute the rental due, and furnish records or other supporting data in sufficient detail to permit the ACO to verify the rental time and computation. Payment shall be made by check payable to the Treasurer of the United States and sent to the contract administration office identified in the contract, unless otherwise specified by the Contracting Officer.

(2) Interest will be charged if payment is not made by the date specified in paragraph (f)(1) of this clause. Interest will accrue at the "Renegotiation Board Interest Rate" (published in the *Federal Register* semiannually on or about January 1st and July 1st) for the period in which the rent is due.

(3) The Government's acceptance of any rental payment under this clause, in whole or in part, shall not be construed as a waiver or relinquishment of any rights it may have against the Contractor stemming from the Contractor's unauthorized use of Government property or any other failure to perform this contract according to its terms

(g) *Use revocation*. At any time during the rental period the Government may revoke nongovernmental use authorization and require the Contractor, at the Contractor's expense, to return the property to the Government, restore the property to its pre-rental condition (less normal wear and tear), or both.

(h) *Unauthorized use*. The unauthorized use of Government property can subject a person to fines, imprisonment, or both under 18 U.S.C. 641.

(end of clause)

Clause 52.245-9 Use and Charges is hereby modified as follows:

Delete the sentence in paragraph (e)(1)(ii) which reads "rental charges shall be determined by multiplying the rental time.....rental rate" and substitute: "The rental rates and the rates to be paid for use of the property (the use fees) shall be those set forth in paragraph 9 (a) above.

10. Value of the Property. In the event of loss of any of the (3) Allpax Retorts and (1) Koch Sealer, the indemnification value of the U.S. Government shall be \$350,000 per retort and \$350,000 per Koch Sealer.

11. Maintenance of Government Property. The Contractor shall maintain the property in accordance with the appropriate Allpax Retort Technical Manuals and Koch Sealer Manuals. The Contractor shall not cause the loss of the manufacturer's warranty. Should the warranty be lost the Contractor shall be responsible for replacing any part that would be otherwise covered under the warranty. If replacement of any retort becomes necessary because it breaks down or begins to malfunction, the contractor shall notify the contracting officer, who will determine the cause of the problem and whether it is covered by the retort's warranty. In the event that the warranty has expired or does not cover the worn or damaged part, and the damage is not caused by the negligence of the Contractor or his agents or employees the Contractor will be authorized to purchase the required part and the Government will reimburse the contractor for the amount of the repair. If the total cost of a repair will exceed \$2,500.00, the contractor will obtain the written approval of the contracting officer before incurring that expense. In no case will the spare part replacement be reimbursable. The Government will not provide replacement components. The determination as to the cause of the part's damage or failure is the responsibility of the Contracting Officer or designee.

12. Conditions for Return of GFE to the U.S. Government. Any repair or maintenance work required to be performed before returning property to the Government, is at contractor's cost. The property shall be inspected by a Government representative designated by the Contracting Officer and returned to the U. S. Government via Requisition and Invoice/Shipping Document, DD Form 1149.

13. The Contractor will provide operators and maintenance at no cost to the Government.

14. The Contractor at his own expense shall store and maintain the property in good condition and repair and make all necessary replacement of components and parts during the term of the Agreement. All lubricants, maintenance, and shop usage items shall be furnished by the Contractor. The Contractor shall assume all charges for the use or maintenance of this property during the term of this Agreement. Maintenance shall be in accordance with good manufacturing practices and paragraph 16. Contractor shall, during the term of this Agreement, make no additional changes or alterations in the property, except with written consent of the Contracting Officer.

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15. The Contractor shall not mortgage, pledge, assign, transfer, sublet, or part with possession of any property in any manner to any third party either directly or indirectly, except that this provision shall not preclude the Contractor from permitting the use of the property by a third party with the prior written approval of the Contracting Office, and the Contractor shall not do or suffer anything whereby any of the property may be encumbered, seized, taken in execution, attached, destroyed or injured.

16. After taking possession, the Contractor shall be solely responsible for the property until it is returned to the Government as provided for in this Agreement. The property shall be returned in as good a condition as when received, reasonable wear and tear excepted. If the Contractor fails to return the property, the Contractor shall pay to the government the amount specified in paragraph above, as the value of the property less the amount determined by the Contracting Officer to represent reasonable wear and tear for the period during which the property was useable. If the Contractor returns the property in other than as good a condition as when received, reasonable wear and tear excepted, the Contractor shall pay to the government the amount specified in paragraph 9 (e) (\$350,000 per retort and \$350,000 per sealer) as the value of the property less both the amount determined by the Contracting Officer to represent reasonable wear and tear for the period during which the property was usable and the scrap value of the property.

17. The Contractor shall take all steps necessary to protect the interests of the Government in the property, and the Contracting Officer may require the Contractor, at its own expense, to procure such insurance as may be necessary to protect the Government's interest.

18. (a.) On or before the last day of the term of this Agreement or, in the event of earlier termination, as soon after termination as possible, the Contractor shall return the property to the location designated by the Contracting Officer. If the Contractor initiates termination of this Agreement, the Contractor shall be responsible for paying all costs involved in delivering the property to the destination designated by the Contracting Officer (the designated destination). Those costs shall include, but not be limited to, the cost of de-installation, packaging, handling and transportation of the property. The risk of loss to the property shall remain with the Contractor until receipt of the property by the Government at the designated destination.

(b) In the event that a destination is not designated by the Contracting officer before the termination of this Agreement, the Contractor agrees to continue to store and maintain the property, bear the risk of loss for it and prepare it for shipment when notified of a destination, for up to 60 days after the termination of this Agreement at no cost to the Government.

(c) If the Government initiates termination of this Agreement, the Government will be responsible for all costs of packaging, handling of the property, and transportation of it to the designated destination. The Contractor will be responsible for any de-installation costs.

19. The property is provided without operators. Any operators deemed incompetent by the Contracting Officer shall be barred from operating the property.

20. In addition to the requirements set forth in any other part of this Agreement, the Contractor shall submit reports and records as required by 52.245-2 Government Property Installation, which is hereby incorporated by text. These records shall be submitted in duplicate to the Administrative Contracting Officer (ACO) or his/her designee. The ACO shall provide a copy to Debbie Goffman, Contracting Officer, DLA Troop Support Attn: DLA Troop Support, 700 Robbins Avenue, Philadelphia, PA 19111.

52.245-2 Government Property Installation Operation Services (Apr 2012)

(a) This Government Property listed in paragraph (e) of this clause is furnished to the Contractor in an "as-is, where is" condition. The Government makes no warranty regarding the suitability for use of the Government property specified in this contract. The Contractor shall be afforded the opportunity to inspect the Government property as specified in the solicitation.

(b) The Government bears no responsibility for repair or replacement of any lost Government property. If any or all of the Government property is lost or becomes no longer usable, the Contractor shall be responsible for replacement of the property at Contractor expense. The Contractor shall have title to all replacement property and shall continue to be responsible for contract performance.

(c) Unless the Contracting Officer determines otherwise, the Government abandons all rights and title to unserviceable and scrap property resulting from contract performance. Upon notification to the Contracting

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Officer, the Contractor shall remove such property from the Government premises and dispose of it at Contractor expense.

(d) Except as provided in this clause, Government property furnished under this contract shall be governed by the Government Property clause of this contract.

(e) Government property provided under this clause:

(3) Allpax Retorts: Serial numbers J56-096-2010, J56-097-2010 and J56-098-2010 and (1) Tray Sealer, Koch Model Kats 1402.

(End of clause)

21. Upon request of the Contractor, the Contracting Officer shall furnish without charge, copies of drawings, specifications, or instructions as the Contractor may require for the operation of repair of the property and as may, in the discretion of the Contracting Officer, be reasonably available.

22. INDEMNIFICATION. The Contractor shall indemnify and hold the Government harmless against claims (including reasonable expenses of litigation and/or settlement) for damages to the property of the Contractor or claims by third persons (including officers, agents, servants, or employees of the Contractor) for death, personal injury, loss of or damage to property arising from Contractor's authorized or unauthorized use of the property and occurring during the term of the Agreement. The Contractor shall assume all risk of loss, damage or destruction to property. In the event of a claim or notice of legal action arising under this Agreement, or relating to the property, either party (Government or Contractor) shall notify the other as soon as possible after receipt of said claim or notice.

23. At all times the Contracting Officer (or authorized designee) shall have access to the job site whereon any of the property is situated, for the purposes of inspecting or inventorying the same, or for the purpose of removing the same in the event of the termination of the Agreement.

24. CONTROL AND MAINTENANCE OF GOVERNMENT PROPERTY. The contractor shall be solely responsible for the storage and maintenance of the property at no cost to the Government. The provisions of FAR 52.245-1, Government Property which set forth requirements for establishing and maintaining control over Government property are hereby incorporated by text:

52.245-1 Government Property (Apr 2012)

(a) *Definitions.* As used in this clause—

“Cannibalize” means to remove parts from Government property for use or for installation on other Government property.

“Contractor-acquired property” means property acquired, fabricated, or otherwise provided by the Contractor for performing a contract, and to which the Government has title.

“Contractor inventory” means—

(1) Any property acquired by and in the possession of a Contractor or subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract;

(2) Any property that the Government is obligated or has the option to take over under any type of contract, e.g., as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the option of the Government; and

(3) Government-furnished property that exceeds the amounts needed to complete full performance under the entire contract.

“Contractor's managerial personnel” means the Contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of—

(1) All or substantially all of the Contractor's business;

(2) All or substantially all of the Contractor's operation at any one plant or separate location; or

(3) A separate and complete major industrial operation.

“Demilitarization” means rendering a product unusable for, and not restorable to, the purpose for which it was designed or is customarily used.

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“Discrepancies incident to shipment” means any differences (e.g., count or condition) between the items documented to have been shipped and items actually received.

“Equipment” means a tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use. Equipment does not include material, real property, special test equipment or special tooling.

“Government-furnished property” means property in the possession of, or directly acquired by, the Government and subsequently furnished to the Contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.

“Government property” means all property owned or leased by the Government. Government property includes both Government-furnished and Contractor-acquired property. Government property includes material, equipment, special tooling, special test equipment, and real property. Government property does not include intellectual property and software.

“Loss of Government Property” means unintended, unforeseen or accidental loss, damage or destruction to Government property that reduces the Government’s expected economic benefits of the property. Loss of Government property does not include purposeful destructive testing, obsolescence, normal wear and tear or manufacturing defects. Loss of Government property includes, but is not limited to—

- (1) Items that cannot be found after a reasonable search;
- (2) Theft;
- (3) Damage resulting in unexpected harm to property requiring repair to restore the item to usable condition; or
- (4) Destruction resulting from incidents that render the item useless for its intended purpose or beyond economical repair.

“Material” means property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end item. Material does not include equipment, special tooling, special test equipment or real property.

“Nonseverable” means property that cannot be removed after construction or installation without substantial loss of value or damage to the installed property or to the premises where installed.

“Precious metals” means silver, gold, platinum, palladium, iridium, osmium, rhodium, and ruthenium.

“Production scrap” means unusable material resulting from production, engineering, operations and maintenance, repair, and research and development contract activities. Production scrap may have value when re-melted or reprocessed, e.g., textile and metal clippings, borings, and faulty castings and forgings.

“Property” means all tangible property, both real and personal.

“Property Administrator” means an authorized representative of the Contracting Officer appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to Government property in the possession of a Contractor.

“Property records” means the records created and maintained by the contractor in support of its stewardship responsibilities for the management of Government property.

“Provide” means to furnish, as in Government-furnished property, or to acquire, as in contractor-acquired property.

“Real property.” See Federal Management Regulation 102-71.20 (41 CFR 102-71.20).

“Sensitive property” means property potentially dangerous to the public safety or security if stolen, lost, or misplaced, or that shall be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals.

“Unit acquisition cost” means—

- (1) For Government-furnished property, the dollar value assigned by the Government and identified in the contract; and

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(2) For contractor-acquired property, the cost derived from the Contractor's records that reflect consistently applied generally accepted accounting principles.

(b) *Property management.*

(1) The Contractor shall have a system of internal controls to manage (control, use, preserve, protect, repair and maintain) Government property in its possession. The system shall be adequate to satisfy the requirements of this clause. In doing so, the Contractor shall initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective and efficient control of Government property. The Contractor shall disclose any significant changes to its property management system to the Property Administrator prior to implementation of the changes. The Contractor may employ customary commercial practices, voluntary consensus standards, or industry-leading practices and standards that provide effective and efficient Government property management that are necessary and appropriate for the performance of this contract (except where inconsistent with law or regulation).

(2) The Contractor's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, sale (as surplus property), or other disposition, or via a completed investigation, evaluation, and final determination for lost property. This requirement applies to all Government property under the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors (see paragraph (f)(1)(v) of this clause).

(3) The Contractor shall include the requirements of this clause in all subcontracts under which Government property is acquired or furnished for subcontract performance.

(4) The Contractor shall establish and maintain procedures necessary to assess its property management system effectiveness and shall perform periodic internal reviews, surveillances, self assessments, or audits. Significant findings or results of such reviews and audits pertaining to Government property shall be made available to the Property Administrator.

(c) *Use of Government property.*

(1) The Contractor shall use Government property, either furnished or acquired under this contract, only for performing this contract, unless otherwise provided for in this contract or approved by the Contracting Officer.

(2) Modifications or alterations of Government property are prohibited, unless they are—

- (i) Reasonable and necessary due to the scope of work under this contract or its terms and conditions;
- (ii) Required for normal maintenance; or
- (iii) Otherwise authorized by the Contracting Officer.

(3) The Contractor shall not cannibalize Government property unless otherwise provided for in this contract or approved by the Contracting Officer.

(d) *Government-furnished property.*

(1) The Government shall deliver to the Contractor the Government-furnished property described in this contract. The Government shall furnish related data and information needed for the intended use of the property. The warranties of suitability of use and timely delivery of Government-furnished property do not apply to property acquired or fabricated by the Contractor as contractor-acquired property and subsequently transferred to another contract with this Contractor.

(2) The delivery and/or performance dates specified in this contract are based upon the expectation that the Government-furnished property will be suitable for contract performance and will be delivered to the Contractor by the dates stated in the contract.

(i) If the property is not delivered to the Contractor by the dates stated in the contract, the Contracting Officer shall, upon the Contractor's timely written request, consider an equitable adjustment to the contract.

(ii) In the event property is received by the Contractor, or for Government-furnished property after receipt and installation, in a condition not suitable for its intended use, the Contracting

Officer shall, upon the Contractor's timely written request, advise the Contractor on a course of action to remedy the problem. Such action may include repairing, replacing, modifying, returning, or otherwise disposing of the property at the Government's expense. Upon completion of the required action(s), the Contracting Officer shall consider an equitable adjustment to the contract (see also paragraph (f)(1)(ii)(A) of this clause).

(iii) The Government may, at its option, furnish property in an "as-is" condition. The Contractor will be given the opportunity to inspect such property prior to the property being provided. In such cases, the Government makes no warranty with respect to the serviceability and/or suitability of the property for contract performance. Any repairs, replacement, and/or refurbishment shall be at the Contractor's expense.

(3)(i) The Contracting Officer may by written notice, at any time—

(A) Increase or decrease the amount of Government-furnished property under this contract;

(B) Substitute other Government-furnished property for the property previously furnished, to be furnished, or to be acquired by the Contractor for the Government under this contract; or

(C) Withdraw authority to use property.

(ii) Upon completion of any action(s) under paragraph (d)(3)(i) of this clause, and the Contractor's timely written request, the Contracting Officer shall consider an equitable adjustment to the contract.

(e) *Title to Government property.*

(1) All Government-furnished property and all property acquired by the Contractor, title to which vests in the Government under this paragraph (collectively referred to as "Government property"), is subject to the provisions of this clause. The Government shall retain title to all Government-furnished property. 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.

(2) Title vests in the Government for all property acquired or fabricated by the Contractor in accordance with the financing provisions or other specific requirements for passage of title in the contract. Under fixed price type contracts, in the absence of financing provisions or other specific requirements for passage of title in the contract, the Contractor retains title to all property acquired by the Contractor for use on the contract, except for property identified as a deliverable end item. If a deliverable item is to be retained by the Contractor for use after inspection and acceptance by the Government, it shall be made accountable to the contract through a contract modification listing the item as Government-furnished property.

(3) *Title under Cost-Reimbursement or Time-and-Material Contracts or Cost-Reimbursable contract line items under Fixed-Price contracts.*

(i) Title to all property purchased by the Contractor for which the Contractor is entitled to be reimbursed as a direct item of cost under this contract shall pass to and vest in the Government upon the vendor's delivery of such property.

(ii) Title to all other property, the cost of which is reimbursable to the Contractor, shall pass to and vest in the Government upon—

(A) Issuance of the property for use in contract performance;

(B) Commencement of processing of the property for use in contract performance; or

(C) Reimbursement of the cost of the property by the Government, whichever occurs first.

(iii) All Government-furnished property and all property acquired by the Contractor, title to which vests in the Government under this paragraph (e)(3)(iii) (collectively referred to as "Government property"), are subject to the provisions of this clause.

(f) *Contractor plans and systems.*

(1) Contractors shall establish and implement property management plans, systems, and procedures at the contract, program, site or entity level to enable the following outcomes:

(i) *Acquisition of Property*. The Contractor shall document that all property was acquired consistent with its engineering, production planning, and property control operations.

(ii) *Receipt of Government Property*. The Contractor shall receive Government property and document the receipt, record the information necessary to meet the record requirements of paragraph (f)(1)(iii)(A)(1) through (5) of this clause, identify as Government owned in a manner appropriate to the type of property (e.g., stamp, tag, mark, or other identification), and manage any discrepancies incident to shipment.

(A) *Government-furnished property*. The Contractor shall furnish a written statement to the Property Administrator containing all relevant facts, such as cause or condition and a recommended course(s) of action, if overages, shortages, or damages and/or other discrepancies are discovered upon receipt of Government-furnished property.

(B) *Contractor-acquired property*. The Contractor shall take all actions necessary to adjust for overages, shortages, damage and/or other discrepancies discovered upon receipt, in shipment of Contractor-acquired property from a vendor or supplier, so as to ensure the proper allocability and allowability of associated costs.

(iii) *Records of Government property*. The Contractor shall create and maintain records of all Government property accountable to the contract, including Government-furnished and Contractor-acquired property.

(A) Property records shall enable a complete, current, auditable record of all transactions and shall, unless otherwise approved by the Property Administrator, contain the following:

(1) The name, part number and description, National Stock Number (if needed for additional item identification tracking and/or disposition) and other data elements as necessary and required in accordance with the terms and conditions of the contract.

(2) Quantity received (or fabricated), issued, and balance-on-hand.

(3) Unit acquisition cost.

(4) Unique-item identifier or equivalent (if available and necessary for individual item tracking).

(5) Unit of measure.

(6) Accountable contract number or equivalent code designation.

(7) Location.

(8) Disposition.

(9) Posting reference and date of transaction.

(10) Date placed in service (if required in accordance with the terms and conditions of the contract).

(B) *Use of a Receipt and Issue System for Government Material*. When approved by the Property Administrator, the Contractor may maintain, in lieu of formal property records, a file of appropriately cross-referenced documents evidencing receipt, issue, and use of material that is issued for immediate consumption.

(iv) *Physical inventory*. The Contractor shall periodically perform, record, and disclose physical inventory results. A final physical inventory shall be performed upon contract completion or termination. The Property Administrator may waive this final inventory requirement, depending on the circumstances (e.g., overall reliability of the Contractor's system or the property is to be transferred to a follow-on contract).

(v) *Subcontractor control*.

(A) The Contractor shall award subcontracts that clearly identify items to be provided and the extent of any restrictions or limitations on their use. The Contractor shall ensure

appropriate flow down of contract terms and conditions (e.g., extent of liability for loss of Government property).

(B) The Contractor shall assure its subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the subcontractor's property management system.

(vi) *Reports.* The Contractor shall have a process to create and provide reports of discrepancies, loss of Government property, physical inventory results, audits and self-assessments, corrective actions, and other property related reports as directed by the Contracting Officer.

(vii) *Relief of stewardship responsibility and liability.* The Contractor shall have a process to enable the prompt recognition, investigation, disclosure and reporting of loss of Government property, including losses that occur at subcontractor or alternate site locations.

(A) This process shall include the corrective actions necessary to prevent recurrence.

(B) Unless otherwise directed by the Property Administrator, the Contractor shall investigate and report to the Government all incidents of property loss as soon as the facts become known. Such reports shall, at a minimum, contain the following information:

(1) Date of incident (if known).

(2) The data elements required under paragraph (f)(1)(iii)(A) of this clause.

(3) Quantity.

(4) Accountable contract number.

(5) A statement indicating current or future need.

(6) Unit acquisition cost, or if applicable, estimated sales proceeds, estimated repair or replacement costs.

(7) All known interests in commingled material of which includes Government material.

(8) Cause and corrective action taken or to be taken to prevent recurrence.

(9) A statement that the Government will receive compensation covering the loss of Government property, in the event the Contractor was or will be reimbursed or compensated.

(10) Copies of all supporting documentation.

(11) Last known location.

(12) A statement that the property did or did not contain sensitive, export controlled, hazardous, or toxic material, and that the appropriate agencies and authorities were notified.

(C) Unless the contract provides otherwise, the Contractor shall be relieved of stewardship responsibility and liability for property when—

(1) Such property is consumed or expended, reasonably and properly, or otherwise accounted for, in the performance of the contract, including reasonable inventory adjustments of material as determined by the Property Administrator;

(2) Property Administrator grants relief of responsibility and liability for loss of Government property;

(3) Property is delivered or shipped from the Contractor's plant, under Government instructions, except when shipment is to a subcontractor or other location of the Contractor; or

(4) Property is disposed of in accordance with paragraphs (j) and (k) of this clause.

(viii) *Utilizing Government property.*

(A) The Contractor shall utilize, consume, move, and store Government Property only as authorized under this contract. The Contractor shall promptly disclose and report Government property in its possession that is excess to contract performance.

(B) Unless otherwise authorized in this contract or by the Property Administrator the Contractor shall not commingle Government material with material not owned by the Government.

(ix) *Maintenance.* The Contractor shall properly maintain Government property. The Contractor's maintenance program shall enable the identification, disclosure, and performance of normal and routine preventative maintenance and repair. The Contractor shall disclose and report to the Property Administrator the need for replacement and/or capital rehabilitation.

(x) *Property closeout.* The Contractor shall promptly perform and report to the Property Administrator contract property closeout, to include reporting, investigating and securing closure of all loss of Government property cases; physically inventorying all property upon termination or completion of this contract; and disposing of items at the time they are determined to be excess to contractual needs.

(2) The Contractor shall establish and maintain Government accounting source data, as may be required by this contract, particularly in the areas of recognition of acquisitions, loss of Government property, and disposition of material and equipment.

(g) *Systems analysis.*

(1) The Government shall have access to the contractor's premises and all Government property, at reasonable times, for the purposes of reviewing, inspecting and evaluating the Contractor's property management plan(s), systems, procedures, records, and supporting documentation that pertains to Government property. This access includes all site locations and, with the Contractor's consent, all subcontractor premises.

(2) Records of Government property shall be readily available to authorized Government personnel and shall be appropriately safeguarded.

(3) Should it be determined by the Government that the Contractor's (or subcontractor's) property management practices are inadequate or not acceptable for the effective management and control of Government property under this contract, or present an undue risk to the Government, the Contractor shall prepare a corrective action plan when requested by the Property Administrator and take all necessary corrective actions as specified by the schedule within the corrective action plan.

(4) The Contractor shall ensure Government access to subcontractor premises, and all Government property located at subcontractor premises, for the purposes of reviewing, inspecting and evaluating the subcontractor's property management plan, systems, procedures, records, and supporting documentation that pertains to Government property.

(h) *Contractor Liability for Government Property.*

(1) Unless otherwise provided for in the contract, the Contractor shall not be liable for loss of Government property furnished or acquired under this contract, except when any one of the following applies—

(i) The risk is covered by insurance or the Contractor is otherwise reimbursed (to the extent of such insurance or reimbursement). The allowability of insurance costs shall be determined in accordance with 31.205-19.

(ii) Loss of Government property that is the result of willful misconduct or lack of good faith on the part of the Contractor's managerial personnel.

(iii) The Contracting Officer has, in writing, revoked the Government's assumption of risk for loss of Government property due to a determination under paragraph (g) of this clause that the Contractor's property management practices are inadequate, and/or present an undue risk to the Government, and the Contractor failed to take timely corrective action. If the Contractor can establish by clear and convincing evidence that the loss of Government property occurred while the Contractor had adequate property management practices or the loss did not result from the Contractor's failure to maintain adequate property management practices, the Contractor shall not be held liable.

(2) The Contractor shall take all reasonable actions necessary to protect the property from further loss. The Contractor shall separate the damaged and undamaged property, place all the affected property in the best possible order, and take such other action as the Property Administrator directs.

(3) The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any loss of Government property.

(4) The Contractor shall reimburse the Government for loss of Government property, to the extent that the Contractor is financially liable for such loss, as directed by the Contracting Officer.

(5) Upon the request of the Contracting Officer, the Contractor shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation, including the prosecution of suit and the execution of instruments of assignment in favor of the Government in obtaining recovery.

(i) *Equitable adjustment.* Equitable adjustments under this clause shall be made in accordance with the procedures of the Changes clause. However, the Government shall not be liable for breach of contract for the following:

(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) An increase, decrease, or substitution of Government-furnished property.

(4) Failure to repair or replace Government property for which the Government is responsible.

(j) *Contractor inventory disposal.* Except as otherwise provided for in this contract, the Contractor shall not dispose of Contractor inventory until authorized to do so by the Plant Clearance Officer or authorizing official.

(1) *Predisposal requirements.*

(i) If the Contractor determines that the property has the potential to fulfill requirements under other contracts, the Contractor, in consultation with the Property Administrator, shall request that the Contracting Officer transfer the property to the contract in question, or provide authorization for use, as appropriate. In lieu of transferring the property, the Contracting Officer may authorize the Contractor to credit the costs of Contractor-acquired property (material only) to the losing contract with the corresponding cost, when such material is needed for use on another contract. Property no longer needed shall be considered contractor inventory.

(ii) For any remaining Contractor-acquired property, the Contractor may purchase the property at the unit acquisition cost if desired or make reasonable efforts to return unused property to the appropriate supplier at fair market value (less, if applicable, a reasonable restocking fee that is consistent with the supplier's customary practices.)

(2) *Inventory disposal schedules.*

(i) Absent separate contract terms and conditions for property disposition, and provided the property was not reutilized, transferred, or otherwise disposed of, the Contractor, as directed by the Plant Clearance Officer or authorizing official, shall use Standard Form 1428, Inventory Disposal Schedule or electronic equivalent, to identify and report—

(A) Government-furnished property that is no longer required for performance of this contract;

(B) Contractor-acquired property, to which the Government has obtained title under paragraph (e) of this clause, which is no longer required for performance of that contract; and

(C) Termination inventory.

(ii) The Contractor may annotate inventory disposal schedules to identify property the Contractor wishes to purchase from the Government, in the event that the property is offered for sale.

(iii) Separate inventory disposal schedules are required for aircraft in any condition, flight safety critical aircraft parts, and other items as directed by the Plant Clearance Officer

(iv) The Contractor shall provide the information required by FAR 52.245-1(f)(1)(iii) along with the following:

- (A) Any additional; information that may facilitate understanding of the property's intended use.
- (B) For work-in-progress, the estimated percentage of completion.
- (C) For precious metals in raw or bulk form, the type of metal and estimated weight.
- (D) For hazardous material or property contaminated with hazardous material, the type of hazardous material.
- (E) For metals in mill product form, the form, shape, treatment, hardness, temper, specification (commercial or Government) and dimensions (thickness, width and length).
- (v) Property with the same description, condition code, and reporting location may be grouped in a single line item.
- (vi) Scrap should be reported by "lot" along with metal content, estimated weight and estimated value.
- (3) *Submission requirements.*
- (i) The Contractor shall submit inventory disposal schedules to the Plant Clearance Officer no later than—
- (A) 30 days following the Contractor's determination that a property item is no longer required for performance of this contract;
- (B) 60 days, or such longer period as may be approved by the Plant Clearance Officer, following completion of contract deliveries or performance; or
- (C) 120 days, or such longer period as may be approved by the Termination Contracting Officer, following contract termination in whole or in part.
- (ii) Unless the Plant Clearance Officer determines otherwise, the Contractor need not identify or report production scrap on inventory disposal schedules, and may process and dispose of production scrap in accordance with its own internal scrap procedures. The processing and disposal of other types of Government-owned scrap will be conducted in accordance with the terms and conditions of the contract or Plant Clearance Officer direction, as appropriate.
- (4) *Corrections.* The Plant Clearance Officer may—
- (i) Reject a schedule for cause (e.g., contains errors, determined to be inaccurate); and
- (ii) Require the Contractor to correct an inventory disposal schedule.
- (5) *Postsubmission adjustments.* The Contractor shall notify the Plant Clearance Officer at least 10 working days in advance of its intent to remove an item from an approved inventory disposal schedule. Upon approval of the Plant Clearance Officer, or upon expiration of the notice period, the Contractor may make the necessary adjustments to the inventory schedule.
- (6) *Storage.*
- (i) The Contractor shall store the property identified on an inventory disposal schedule pending receipt of disposal instructions. The Government's failure to furnish disposal instructions within 120 days following acceptance of an inventory disposal schedule may entitle the Contractor to an equitable adjustment for costs incurred to store such property on or after the 121st day.
- (ii) The Contractor shall obtain the Plant Clearance Officer's approval to remove Government property from the premises where the property is currently located prior to receipt of final disposition instructions. If approval is granted, any costs incurred by the Contractor to transport or store the property shall not increase the price or fee of any Government contract. The storage area shall be appropriate for assuring the property's physical safety and suitability for use. Approval does not relieve the Contractor of any liability for such property under this contract.
- (7) *Disposition instructions.*
- (i) The Contractor shall prepare for shipment, deliver f.o.b. origin, or dispose of Contractor inventory as directed by the Plant Clearance Officer. Unless otherwise directed by the Contracting Officer or by the Plant Clearance Officer, the Contractor shall remove and destroy any markings identifying the property as U.S. Government-owned property prior to its disposal.

(ii) The Contracting Officer may require the Contractor to demilitarize the property prior to shipment or disposal. In such cases, the Contractor may be entitled to an equitable adjustment under paragraph (i) of this clause.

(8) *Disposal proceeds.* As directed by the Contracting Officer, the Contractor shall credit the net proceeds from the disposal of Contractor inventory to the contract, or to the Treasury of the United States as miscellaneous receipts.

(9) *Subcontractor inventory disposal schedules.* The Contractor shall require its Subcontractors to submit inventory disposal schedules to the Contractor in accordance with the requirements of paragraph (j)(3) of this clause.

(k) *Abandonment of Government property.*

(1) The Government shall not abandon sensitive property or termination inventory without the Contractor's written consent.

(2) The Government, upon notice to the Contractor, may abandon any nonsensitive property in place, at which time all obligations of the Government regarding such property shall cease.

(3) Absent contract terms and conditions to the contrary, the Government may abandon parts removed and replaced from property as a result of normal maintenance actions, or removed from property as a result of the repair, maintenance, overhaul, or modification process.

(4) The Government has no obligation to restore or rehabilitate the Contractor's premises under any circumstances; however, if Government-furnished property is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph (i) of this clause may properly include restoration or rehabilitation costs.

(l) *Communication.* All communications under this clause shall be in writing.

(m) *Contracts outside the United States.* If this contract is to be performed outside of the United States and its outlying areas, the words "Government" and "Government-furnished" (wherever they appear in this clause) shall be construed as "United States Government" and "United States Government-furnished," respectively.

(End of clause)

25. ADJUSTMENT OF RENTALS – STATE OR LOCAL TAXATION. Except as may be otherwise provided, the rental rates established in this Agreement do not include any State or local tax on the property herein. If and to the extent that such property is hereinafter made taxable by State and local government by Act of Congress or other law binding on the parties hereto, then in such event the Agreement shall be renegotiated.

26. ADJUSTMENT OF RENTALS - STATE OR LOCAL TAXATION: N/A

27. Except as otherwise specified in this Agreement, all notices to either of the parties to this Agreement shall be sufficient if mailed in a sealed postpaid envelope addressed as follows:

To the Contractor

Mr. John Knapp, Senior Vice President
Ameriqua LLC
18200 Highway 41 North
Evansville, IL 47725

To the Government

Ms. Debbie Goffman, Contracting Officer
DLA Troop Support
Attn: DLA Troop Support – FTRA
Bldg. 6B136
700 Robbins Avenue
Philadelphia, PA 19111

COPY DCMA Indianapolis Attn: ACO Deb
Emmett J. Bean Center
8899E 56th Street
Indianapolis, IN 46246-5701

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28. Definitions: As used throughout this Agreement, the following terms shall have the meanings set forth below.

a. The term "Contracting Officer" means the person executing this Agreement on behalf of the Government, and any other officer or civilian employee who is properly designated a Contracting Officer, cognizant of this contract, and the term includes, except as otherwise provided, the authorized representative of the Contracting Officer acting within the limits of his authority.

b. "Administrative Contracting Officer" refers to the Contracting Officer who is responsible for administering this Agreement.

29. Purpose: The specific purpose of this Agreement is to provide the Defense Logistics Agency DLA Troop Support with surge capability in the event of a contingency.

30. Unauthorized to Commit U. S. Government: The Contractor is not authorized to commit the U. S. Government to any transactions. Requests for sale of defense articles will be subject to established review procedures and applicable statutes and regulations.

31 Approval: This Agreement shall be subject to the written approval of the Director of Contracting and Production or his duly authorized representative and shall not be binding until approved.

32. Alterations: The following changes were made in this Agreement before it was signed by the parties hereto: NONE

33. The contractor waives any and all claims related to or connected with the issuance of this modification. This document contains the complete agreement of the parties. There are no collateral agreements, reservations of understandings other than expressly set forth herein. It is agreed that no subsequent modification of this agreement shall be binding unless reduced to writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this day and year first above written.

UNITED STATES OF AMERICA
 BY _____
 DEBBIE GOFFMAN
 CONTRACTING OFFICER

AMERIQUEL GROUP LLC
 BY _____
 JOHN KNAPP
 SENIOR VICE PRESIDENT

 DATE

 DATE

Attachments

List of Attachments

Description	File Name
ATTACH.Signed Mod P00202	Ameriquel GFE Agreement signed Page 1.pdf