



INVITATION FOR BID (IFB)
Number 15-0200

Electronic Recycling and Demanufacturing
Term Sale for Eastern United States

STEP TWO OF TWO-STEP SOLICITATION

5 October 2015

TABLE OF CONTENTS

GENERAL STATEMENTS OF CONTRACT _____ 5

ITEM DESCRIPTION _____ 9

ARTICLE ONE: BID EVALUATION AND CONTRACT AWARD _____ 12

 Section 1 – Bid Process _____ 12

 Section 2 – Bid Evaluation _____ 12

 Section 3 – Contract Award _____ 13

 Section 4 – Post-Award Conference _____ 13

 Section 5 – Pre-Award Survey _____ 13

ARTICLE TWO: PARTIES TO THE CONTRACT _____ 14

 Section 1 – Contractor Information _____ 14

 Section 2 – Transfer and Hypothecation _____ 14

 Section 3 – Contract of Sale _____ 14

 Section 4 – Authority of Sales Contracting Officer (SCO) _____ 14

ARTICLE THREE: CONTRACT FINANCIAL RETENTION _____ 15

 Section 1 – Bid Deposit _____ 15

ARTICLE FOUR: CONTRACT PERFORMANCE _____ 16

 Section 1 – Performance Period _____ 16

 Section 2 – Phase-In Period _____ 16

 Section 3 – Processing Requirements _____ 16

 Section 4 – Termination for Convenience of the Government _____ 16

 Section 5 – Wind-Down Commencement Date _____ 18

 Section 6 – Cessation of Property Referrals _____ 18

 Section 7 – Conduct of Wind-Down _____ 18

 Section 8 – Phase-out Period _____ 18

ARTICLE FIVE: DISTRIBUTIONS/PAYMENTS _____ 19

 Section 1 – Monthly Payments _____ 19

 Section 2 – Method of Payment _____ 19

 Section 3 – Failure to Make Timely Payment _____ 19

ARTICLE SIX: PRODUCT POOL, PROPERTY REFERRALS AND TITLE TRANSFER _____ 20

 Section 1 – Product Pool _____ 20

 Section 2 – Property Referrals _____ 20

ARTICLE SEVEN: TRADE SECURITY CONTROL (TSC) REQUIREMENTS _____ 22

 Section 1 – Contractor’s Trade Security Control (TSC) Requirements _____ 22

 Section 2 – United States Munitions List Items and Commerce Control List Items _____ 22

 Section 3 – Re-Sale of Computers, Printers, copiers and other electronic equip _____ 22

 Section 4 – Removal/Sanitization of Personally Identifiable Information (PII) _____ 22

ARTICLE EIGHT: LABELS AND MARKINGS _____ 23

 Section 1 – Government Labels, Classified Markings _____ 23

 Section 2 – Government Label removal _____ 23

ARTICLE NINE: GOVERNMENT REQUIRED REPORTS _____ 24

 Section 1 – Inventory Reports _____ 24

 Section 2 – Non Responsive Resale Buyer Report _____ 24

 Section 3 – Classified Inventory Report _____ 24

ARTICLE TEN: Contractor Owned/Leased Facilities, Government owned Material Handling Equipment (MHE), Government Personnel _____ 25

Section 1 – Contractor Owned/Leased Storage Facilities _____ 25

Section 2 – Government Owned Material Handling Equipment (MHE) _____ 25

Section 3 – Accommodating Government Personnel _____ 25

ARTICLE ELEVEN: PROPERTY RETURNS _____ 26

Section 1 – Property Accountability of Items Issued to Contractor _____ 26

Section 2 – Property Retrieval of Controlled Items _____ 26

Section 3 – Reutilization/Transfer/Donation (RTD) Property Returns _____ 27

ARTICLE TWELVE: CONTRACT OPERATION REQUIREMENTS _____ 28

Section 1 – Contractor Certification _____ 28

Section 2 – DLA DISPOSITION SERVICES Inspection of Property _____ 28

Section 3 – Duty of Care and Loyalty _____ 28

Section 4 – Certifications _____ 29

ARTICLE THIRTEEN: MATERIAL BREACH _____ 29

Section 1 – Notice of Material Breach _____ 29

Section 2 – Response to Notice _____ 29

Section 3 – Termination _____ 29

Section 4 – Intentional Breach _____ 29

Section 5 – DLA DISPOSITION SERVICES Remedies for Material Breach by Contractor _____ 29

ARTICLE FOURTEEN: CONTRACT COMPLIANCE, AUDITS AND REVIEWS _____ 30

Section 1 – Compliance with Applicable Laws and Regulations _____ 30

Section 2 – Licenses and Permits _____ 30

Section 3 – Prohibited Activities _____ 30

Section 4 – Contractor Cooperation in DOD Investigations/Audits _____ 30

Section 5 – Records Maintenance _____ 30

Section 6 – Inspection of Records and Workplace by Government _____ 31

Section 7 – Methods and Procedures for Compliance Reviews _____ 31

Section 8 – Compliance Notification _____ 31

Section 9 – Costs of Oversight _____ 31

Section 10 – Notice of Audit Adjustment _____ 31

ARTICLE FIFTEEN: DISPUTES _____ 32

Section 1 – Disputes _____ 32

Section 2 – Claims _____ 32

Section 3 – Decisions _____ 32

Section 4 – Alternative Dispute Resolution (ADR) _____ 32

ARTICLE SIXTEEN: INSURANCE AND BOND REQUIREMENTS _____ 33

Section 1 – Modification of Special Circumstance Conditions _____ 33

Section 2 – Further Modifications _____ 33

Section 3 – Evidence of Insurance _____ 33

ARTICLE SEVENTEEN: MISCELLANEOUS PROVISIONS _____ 34

Section 1 – Binding Effect _____ 34

Section 2 – Notices _____ 34

Section 3 – Severability _____ 34

Section 4 – Headings _____ 34

Section 5 – Survival _____ 34

Section 6 – Waiver _____ 34

Section 7 – Force Majeure _____ 34

Section 8 – Use of DLA DISPOSITION SERVICES Name; Public

Communications _____	34
Section 9 – Tense and Gender _____	35
Section 10 – Entire Agreement; Modification _____	35
Section 11 – Computation of Time _____	35
Section 12 – Electronic Communication _____	35
ADDITIONAL TERMS AND CONDITIONS OF SALE _____	36
ADDITIONAL CONTRACT ADVISEMENTS _____	37
DEFINITIONS _____	39

Electronic Recycling and Demanufacturing
INVITATION FOR BID
Number 15-0200

STEP TWO OF TWO-STEP BIDDING PROCESS

This Invitation For Bid (IFB) is issued by DLA DISPOSITION SERVICES to initiate Step Two of a two-step sealed bid/live auction sales process. The only bids the Sales Contracting Officer (SCO) may consider for award of a contract are those received from bidders that have submitted an acceptable technical proposal during Step One of this solicitation under RFTP 15-0200.

The successful bidder's technical proposal may be incorporated (in part or whole) into any contract awarded in response to this IFB, thus any deviation from the proposal may require a contract modification. *In all other respects, the provisions of this IFB shall govern the contract contemplated hereby without regard to assumptions, plans, forecasts, conditions or any other matters set forth in any prospective bidder's technical proposal submitted in Step One.*

Forms for submitting a bid are provided on the DLA DISPOSITION SERVICES web site, <http://www.dispositionservices.dla.mil/sales/Pages/place-bid.aspx>, and click on Standard Form 114/114B Invitation for Bid. Your completed Bid Forms and \$100,000.00 bid deposit must be delivered to and received by DLA DISPOSITION SERVICE'S SCO before the bid opening at 1:00 p.m. EDT on Wednesday, Oct 14, 2015. Each bid must be accompanied by a refundable bid deposit in the form of a guaranteed instrument (cashier's or certified check) in the amount of one-hundred thousand dollars (\$100,000.00) payable to U.S. Treasury. Address your Bid Forms and Bid Deposit to:

DLA Disposition Services
Hart-Dole-Inouye Federal Center
ATTN: Mr. Tim Cronk, J-422 (Room 2-4-30)
74 North Washington
Battle Creek, MI 49037

GENERAL STATEMENTS OF CONTRACT

Certain contents and provisions of this IFB, including Appendices, Attachments and Schedules, are described in general. The following General Statements of Contract are not intended to be complete and do not take precedence over the terms and conditions of this contract. The requirements for all matters discussed in the General Statements are fully defined in the Terms and Conditions Section of this IFB. Any historical data provided in this IFB was derived using existing sources and is presented for general reference only.

This IFB relates to electronic recyclable property or usable electronic property that the Government has determined to be surplus to the needs of the Department of Defense and the Federal Government. Usable property is defined with respect to a particular item, as a designation assigned by or with the approval of DLA DISPOSITION SERVICES personnel meaning that the item has value in excess of that of the item's material content. Recyclable property is defined as property that has no value above its material content. The property will be comprised of a variety of Electronics with a variety of Demil codes. The Government reserves the right to ship property to the buyer's location from sites outside CONUS or from any site in the United States. Property issued under this contract will be comprised of usable safe to sell Electronics property assigned a demilitarization code A or Q; usable Electronics related property **not safe-for-sale** Demil B, Q, C, D, or F that must be completely Demilitarized, and recycled; and Electronic property that must be mutilated and recycled. Property issued under the terms of this contract may not be rejected by the Contractor. In addition, DLA DISPOSITION SERVICES may include hazardous material, such as batteries, power supplies, mini ups systems, electron tubes containing solid beryllium components, and related or peripheral Electronic equipment.

DLA DISPOSITION SERVICES receives property at DLA DISPOSITION SERVICES facilities in the Continental United States (CONUS), Alaska, Hawaii, Guam and Puerto Rico (and possibly the Virgin Islands).

The successful bidder commits to purchase property issued under this contract for a twenty-four (24) month performance period commencing from the date of submission of the initial Delivery Order to the Contractor. DLA DISPOSITION SERVICES may exercise options to extend the performance period for up to an additional thirty-six (36) months via three (3) twelve (12) month options, based on Government requirements and mutual agreement of the contractor.

A bid will consist of one bid price which will be a percentage of the AMM No. 1 Copper and wire (Chicago) (lowest of the two ranges) price at the time of bid submission by the bidder. The winning bid will be determined by the bidder offering the highest bid percentage.

Prior to award of this contract, the Contractor and any business partners who will be processing Demil required property, will be required to obtain a Trade Security Control (TSC) assessment by providing the Sales Contracting Officer a properly completed End-Use Certificate (EUC) in the form of a DLA Form 1822 (copy available on the DLA DISPOSITION SERVICES web site, <http://dispositionservices.dla.mil/sales/Pages/NationalRecyclingSales.aspx>, click on Property for Sale to Public and then Sales. The TSC Assessment investigation verifies the entity as claimed, that the entity is doing business at the name and location claimed, and that there are no disqualifying factors present (i.e., convictions for illegal export of military technology, debarment by a Government activity, etc.).

The Government may inadvertently ship inventory that should not be sold due to National Security. Should the buyer receive inventory that appears to be modified for Military use or has markings that indicate a sensitive nature the buyer is required to report their findings to the Sales Contracting Officer and prepare for mutilation upon SCO's direction. Certain property identified for return may have already been resold by the Contractor and no longer in the Contractor's possession. DLA DISPOSITION SERVICES suggests the Contractor advise resale buyers that due to national security, the Government may ask for the return of property at any time during the base period and extension periods. Contractor will be required to inform their customer of the property's status and request that it be returned. Contractor agrees to withhold further sales participation from customers who are non-responsive or who refuse to return the property still within their possession.

There may also be occasions when the Government will request the return of property issued to the Contractor because it is required for DOD/DLA DISPOSITION SERVICES mission. DLA DISPOSITION SERVICES does not anticipate a large volume of property will be requested in this manner. DLA DISPOSITION SERVICES will refund the Contractor's purchase price for the return of the items requested by DLA DISPOSITION SERVICES and will advise Contractor of return process at DLA DISPOSITION SERVICES expense.

Contractor agrees to fully cooperate with the Government when informed by DLA DISPOSITION SERVICES of any reviews or investigations by any DOD or Federal Government investigative service or agency. Contractor agrees to provide DLA DISPOSITION SERVICES with all requested information regarding the property or information relating to the customer purchasing the property. Contractor must make all sales records, property, and customer's records pertaining to such investigations available to DLA DISPOSITION SERVICES upon request.

In accordance with the June 4, 2001 memorandum from the Deputy Secretary of Defense, certain security measures have been imposed when disposing of Electronics, Federal Stock Group (FSG) 70 property. Therefore, FSG 70 items are not considered safe to sell as an item until all memory devices have been erased according to DOD Instruction, to the point that any data recovery is not achievable.

DLA DISPOSITION SERVICES can ship property from anywhere in the United States. East Region consists of states located east of the Mississippi River within the Continental United States (CONUS), Puerto Rico and the U.S. Virgin Islands. For Government shipping purposes, the Contractor is limited to no more than five (5) facilities. The Government reserves the right to ship electronic material to any facility within the United States at its sole discretion. The Government reserves the right to disapprove a recycle center based on its geographic location and estimated cost to ship material to that location. The facility must be the recycle point and must be either R2 or e-Steward certified as outlined in Step One of this Two Step Process. Other recycling certifications will not be accepted in lieu of R2/e-Steward certificates. Shipment destinations must be located within the CONUS and East of the Mississippi River. The Contractor is required to accommodate three (3) Government personnel at one recycling location with desk space and internet access in order to process de-manufacturing/de-militarization operations. The contractor shall provide all necessary supplies, equipment, tools, facilities, supervision, services, and other resources necessary to perform the required services, except those services and resources listed as Government furnished. The contractor shall provide all contractor personnel, any necessary safety equipment, PPE, and training in order to perform the services identified in this contract. The contractor shall notify the Government of any required personal protective equipment, safety equipment or training necessary for a Government representative to be present on-site. The contractor shall provide for the physical security and storage of electronic equipment throughout the

entire de-manufacturing/de-militarization process, including samples taken from property provided for de-manufacturing and any residues.

The Contractor shall provide a work-site for the Government representative(s) at a location where the DEMIL/DEMAN operations will occur that will include locking filing cabinets, desks, chair, three communications lines and a telephone. The Government is responsible for providing a computer, bar-coding equipment and any necessary operating software. However, the communications lines must include the present ability to access the Internet. To aid the Government Representative and the Contractor in inventorying Demil required property, the contractor shall provide a work area of sufficient size at the processing facility for the Government Representative to physically spread out 2-3 shipments of Demil required property that has been received at the contractor's processing facility.

The contract requires that the Contractor fulfill certain requirements related to national security, DLA DISPOSITION SERVICES customer service, and compliance review. In addition, the Contractor is fully auditable, therefore, will remain cooperative with DLA DISPOSITION SERVICES audit requirements to include accounting statements, insurance coverage, inventory control/asset tracking, and returning/retrieving controlled property, both prior to resale and after. Any and all of the Contractor's records relevant to this contract must be made available to DLA DISPOSITION SERVICES, to include providing DLA DISPOSITION SERVICES copies and/or allowing DLA DISPOSITION SERVICES to make copies of all records requested. Records will be made available in either electronic or hard copy form as required by DLA DISPOSITION SERVICES. The contract also contains certain provisions regarding the logistical interface with DLA DISPOSITION SERVICES and its generators.

The Contractor must work effectively with DLA DISPOSITION SERVICES personnel with respect to logistics, and must interact with DLA DISPOSITION SERVICES personnel with regard to national security matters, customer service requests of DLA DISPOSITION SERVICES, financial reporting, compliance monitoring and dispute resolution.

The Government reserves the right to conduct a post-award conference as early as two weeks after award. The purpose of the conference is to ensure the Contractor fully understands the terms and conditions of this contract. The location and date of the conference will be determined by DLA DISPOSITION SERVICES and the costs incurred by Contractor personnel attending shall be paid in full by the Contractor without reimbursement by DLA DISPOSITION SERVICES.

Prospective bidders should be aware of certain risk factors that could affect a bidder's assessment of this contract and the calculations supporting the resulting bid. Although DLA DISPOSITION SERVICES does not represent that it has identified all such risk factors, the following, in addition to those risks identified elsewhere in this IFB, should be considered by a prospective bidder:

The future volume, quality, condition, market value, types (i.e., distribution of property referrals across Federal Supply Classes (FSCs), and geographic concentrations (i.e., referrals for sale at particular delivery points) of the property cannot be predicted. Applicable statutes, regulations, policies and inter-service agreements govern whether the disposition of particular items of surplus is through DLA DISPOSITION SERVICES or through other disposition modes. The volume and nature of the property referred for sale under this contract could be affected by such changes.

Described generally, applicable statutes and regulations grant DLA DISPOSITION SERVICES less flexibility to agree to amend a contract after award than prospective bidders may have experienced in other contractual settings. Prospective bidders should assume that the provisions of the contract cannot be significantly amended after award.

This IFB may be the subject of one or more protests to the U.S. General Accountability Office. Moreover, it is possible that, either pending or after award, one or more third parties that object to this contract could institute litigation involving both DLA DISPOSITION SERVICES and the Contractor. DLA DISPOSITION SERVICES cannot predict the likelihood or the possible grounds for such litigation. Nevertheless, this is a risk factor that should be assessed by a prospective bidder.

ITEM DESCRIPTION

ITEM 1: The property will be comprised of DEMIL REQUIRED and usable recyclable Electronic items identified by the Government intended for in-house end of life recycling. The inventory will be located in the Continental United States (CONUS), Puerto Rico, Hawaii, Alaska, Guam, and the Virgin Islands. Property issued under this contract will be assigned a demilitarization code of A, B, C, D, F or Q. The Government guarantees a minimum of 5 million pounds of material annually under this contract. The Government may elect to offer property consisting of hazardous material (under mutual agreement), such as batteries, power supplies, electron tubes containing beryllium components, mini Un-interruptible Power Supplies (UPS) systems and related Electronic equipment. The Government treats and handles three types of property under this contract differently yet they will be bid and sold under the same price. The three commodities are DEMIL, DMF, and D4R:

1. Demilitarization required (DEMIL) of electronic inventory: This inventory will have complete asset visibility because it is controlled property. This property must be Demilitarized (destroyed) under this contract and requires verification by Government personnel and certification by contractor personnel that each line item has been Demilitarized. Destruction of this inventory must be under the supervision of the Government and must be processed within five (5) working days from the date it is received and inventoried at the DEMIL recycling facility. If for any reason the property cannot be processed by destruction within this time frame at the DEMIL recycling facility, it must be inventoried, secured and reported to the SCO immediately. DEMIL property must be destroyed to the point that the material cannot be re-assembled or used for its original intended purpose. DEMIL property shall be shredded, crushed, pulverized or otherwise destroyed. At a minimum, material must be cut in half or no piece larger than 1.5 inches wide, whichever is smaller. Shredding is the preferred method of destruction however; other methods of destruction may be approved by the Sales Contracting Officer. Precision cutting tools are not authorized and shall not be used in the destruction of DEMIL property. All Demil required property must be inventoried and clearly segregated from all other property. Contractor will provide a work area of sufficient size for three Government personnel to perform full inventory of all line items before processing occurs. Contractor must have ample space to accommodate and maintain a secure environment for this inventory while it is waiting to be processed. This property requires inventory controls/security. One DEMIL site is required in the East Region and once designated, may not be moved, changed or otherwise re-located to another geographic facility without prior approval from the SCO. The Demil facility may be used by contractor to process other Electronics under this contract; however the provisions for segregating and inventory must be followed in accordance with this contract. Contractor or his/her representative will be required to be a “certifier” for DEMIL material and government will be the “Verifier” for DEMIL. The SCO will provide the initial required training to the contractor for this duty. Annual DEMIL training for contractor or his/her representative will be required. Both the certifier and verifier shall be present to inventory DEMIL material as it arrives at the DEMIL recycling facility. Contractor shall store DEMIL material in a manner that will facilitate “first in – first out” logistics. DEMIL material must be process in the order in which it was received. This inventory will be billed by weight after processing.
2. Demanufacturing required (DMF): This inventory will be managed by weight and is not required to be processed with Government oversight. However, DMF material must be

destroyed in the same manner as DEMIL required material. This property (DMF) must be destroyed under this contract and requires verification by Contractor personnel in the form of a signed Certificate of Destruction. DMF material will be destroyed by weight and not each piece. For example: a truck with 10,000 pounds of DMF material arrives at the contractor's site. The certificate of destruction must state that 10,000 pounds of DMF was destroyed. Under no circumstances is culling of DMF material allowed. Destruction of this inventory must be under the supervision of the Contractor and must be processed within ten (10) business days from the date it is received and inventoried at the recycling facility. Any recycling facility authorized by this contract may be used to destroy DMF material. If for any reason the property cannot be processed by destruction within this time frame at the DMF recycling facility, it must be inventoried, secured and reported to the SCO immediately. DMF property must be destroyed to the point that the material cannot be re-assembled or used for its original intended purpose. DMF property shall be shredded, crushed, pulverized or otherwise destroyed. At a minimum, material must be cut in half or no piece larger than 1.5 inches wide, whichever is smaller. Shredding is the preferred method of destruction however; other methods of destruction may be approved by the Sales Contracting Officer. Precision cutting tools are not authorized and shall not be used in the destruction of DMF property. All DMF required property must be inventoried and clearly segregated from all other property. This property requires inventory controls/security. Contractor or his/her representative will be required to certify that DMF material has been destroyed and sign the Certificate of Destruction. The SCO will provide the initial required training to the contractor for this duty. Annual DMF training for contractor or his/her representative will be required. Contractor shall store DMF material in a manner that will facilitate "first in – first out" logistics. Government personnel must be allowed to inspect the processing of this inventory. This inventory will be billed by weight after processing. **UNDER NO CIRCUMSTANCE MAY DMF MATERIAL BE SOLD AS A USABLE ITEM FOR ANY REASON. IT MUST BE DESTROYED.**

3. D4R material: This material is NOT considered sensitive and DOES NOT require destruction. This material is considered safe to sell and may be sold "as is" by the contractor or recycled for its material value. There is no time limit on the recycling or sale of this material. If selling this material for its original purpose, the hard drive must be erased and verified in accordance with Responsible Recycling Standards (R2) or e-Steward Standards.

Described very generally, a demilitarization code is a single alpha character assigned by the Item Manager of an item. For the purposes of this IFB, the following definitions are provided:

DEMIL Code A – Non-United States Munitions List (USML)/Non-Commerce Control List Items (CCLI) – No Demilitarization required. No Trade Security Control Assessment/Clearance required. Department of Commerce (DOC) may impose licensing requirements to certain destinations.

DEMIL Code B – United States Munitions List Items - Mutilation to the point of scrap required worldwide.

DEMIL Code C – United States Munitions List Items - DEMIL required. Remove and demilitarize installed key point(s) if known and/or Mutilate to the point of Scrap.

DEMIL Code D – United States Munitions List Items: Destroy item and components to prevent restoration or repair to a usable condition and mutilate to the point of scrap.

DEMIL Code Q – Commerce Control List Items (CCLI). Demilitarization not required, however Trade Security Controls (as set forth by the Department of Commerce) required at time of disposition. Trade Security Control Assessment/Clearance required. Mutilation to the point of scrap required outside the United States.

DEMIL Code F – MLI (SME)—Demilitarization instructions to be furnished by the Item/Technical Manager. Customers must obtain Demil F instructions prior to turning their property in to DLA DISPOSITION SERVICES.

The Government will determine items to be sold to the Contractor. Contractor has no right to any property that is not issued on a delivery order under the terms of this contract. DLA DISPOSITION SERVICES reserves the right to sell property or offer property through alternative sales or contract means for all property that could be considered part of this contract. The Government guarantees to issue the Contractor 5 million pounds per year under this contract. The Government offers no exclusivity rights under this contract for the designated property.

The government estimates based on historical data an annual amount of e-recyclable material to be processed at 25 million pounds; or 19 trucks per week averaging 25,000 pounds of material per truck. Because this is an estimate based on historical data, contractor must have the ability to process up to 480,000 pounds per week. These estimates do not guarantee nor should it be inferred to guarantee an amount to be available to the contractor. However, they can and should be used by prospective bidders in calculating a bid offer. The government estimates based on historical data an annual amount of DEMIL required material to be processed at 4.3 million pounds. This material will be sent to a single location stipulated by contractor and approved by government where DEMIL operations will take place. Dunnage will be included in this sale. Contractor is reminded to bid accordingly. Refunds, off-sets, adjustments, etc. will not be authorized or granted due to dunnage weight.

The contractor shall annotate on the shipment report when there is a weight variance of more than $\pm 5\%$ between the shipment weight and the receipt weight. The contractor shall immediately notify the Sales Contracting Officer if the variance is greater than $\pm 5\%$ and may not begin de-manufacturing (DMF) of the material until the Sales Contracting Officer has provided approval to begin. The Government may require that the contractor store the property in a separate area until an investigation of the discrepancy is completed.

The link provided, <http://dispositionservices.dla.mil/sales/Pages/NationalRecyclingSales.aspx>, provides historical information relating to past generations of property similar to what is being offered in this IFB. Bidders are advised that any sales history information provided is for informational purposes only. Prior year property generations and sales data are not predictors of future generations or sales.

ADDITIONAL TERMS AND CONDITIONS OF SALE

The following Articles (not part of the Sale By Reference (SBR), July 2012) apply and constitute additional terms and conditions of this sale:

ARTICLE ONE
Bid Evaluation and Contract Award

Section 1 – Bidding Process – The bidding process will commence on the bid opening day and time specified by the Government. Bidders are expected to arrive at the bid opening with the required bid deposit and a sealed bid consisting of one bid price specified by the bidder. The bid must be expressed as a percent of market price of No. 1 Copper and Wire (Chicago). The Sales Contracting Officer (SCO) will open each sealed bid at the specified bid opening day and time. Bids will be read by the SCO. From the bids offered, a high bid will be determined which will be the starting point for the live auction. Bidders will then be offered an opportunity to incrementally increase their bid during the live auction. The auction will end when no further bid increases are received. The high bid offered at that time will be considered the apparent high bid.

ARTICLE BID PRICE DETERMINATION (SALES TIED TO AMERICAN METAL MARKET)

a. The publication listed below will be used as a basis for determining the bid price for each item to be included in the monthly billing statement. Billing price will be based on the highest quotation published for each item as indicated. The market(s) listed below as quoted in the "AMERICAN METAL MARKET" Thursday Edition for the first Wednesday of each month in which deliveries are made will be applied as follows:

ITEM No.	MARKET TO BE USED
1	AMM No. 1 Copper and Wire (Chicago)

b. In the event that a zero market price, a negative market price, or no market price is published as specified above, the last positive market price quoted in the publication will be used.

c. Monthly computation for billing will be as follows, assuming buyer has bid 10 percent of the American Metal Market for Copper.

AMM Market Price per Pound \$ 1.00 for month of January
 Percent of Market Price Bid 10 percent
 Month of Generation 10,000 LBS
 $\$0.10 \times 10,000\text{lbs}$
 Price for January generation \$1000.00

AMM Market Price per Pound \$ 1.25 for month of February
 Percent of Market Price Bid 10 percent
 Month of Generation 10,000 LBS
 $\$0.125 \times 10,000\text{lbs}$
 Price for February generation \$1250.00

Section 2 – Bid Evaluation - Award will be made to the responsive, responsible bidder that offers the highest bid price. The Government reserves the right to not award a contract if such contract is deemed not to be in the Government’s best interest. Further, the Government may also reject any bid if DLA DISPOSITION SERVICES determines that accepting such bid would not be in the Government's best interest.

Section 3 – Contract Award – The SCO will determine if each bid is responsive and responsible prior to award of the contract. The contract will be awarded to the highest responsive, responsible bidder. In the event of a termination of the original Contractor within sixty (60) calendar days of the date of award, the SCO may award the contract to the next highest responsive, responsible bidder if bids have not expired, and such award is otherwise determined to be in the Government's best interest, price and other factors considered.

Section 4 – Post-Award Conference - The Government reserves the right to conduct a post-award conference as early as two weeks after award. The purpose of the conference is to ensure the Contractor fully understands the terms and conditions of this contract. The location and date of the conference will be determined by DLA DISPOSITION SERVICES and the costs incurred by Contractor personnel attending shall be paid in full by the Contractor.

Section 5 – Pre-Award Survey - The Pre-Award survey is one of the factors used by the Government to ensure the Contractor's ability to satisfactorily perform the work in accordance with their technical proposal submitted in step-one of this solicitation. After solicitation opening/closing and prior to award, the Government may conduct a Pre-Award survey of one or more bidders who may become eligible for award after final evaluation. The Pre-Award survey may be conducted at the Contractor's facility(ies) or other location(s) as deemed necessary by the Government and may include a review of Contractor's facilities and equipment, financial capability or disclosure of a Contractor's financial condition, quality assurance, safety, and transportation. Bidders must cooperate in the Pre-Award process by assisting in arrangements and/or by providing requested information in a timely manner. Bidders are advised that accomplishment of a Pre-Award survey or furnishing documents to the Government in support of the Pre-Award survey is part of the evaluation of the responsibility process and is not to be construed as an indication that a bidder will receive award of a contract.

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ARTICLE TWO
Parties to the Contract

Section 1 – Contractor Information - Within thirty (30) calendar days of the date of contract award, the contractor shall provide DLA DISPOSITION SERVICES the following information:

- (A) Designation of key persons, if any, in addition to those identified in Contractors technical proposal.
- (B) Contractor shall provide the SCO notification of any changes to the above within ten (10) calendar days of the change.
- (C) Certain Contractor personnel may be required to obtain a security clearance and a Contractor’s Access Card (CAC) in order to enter and conduct business at DLA Disposition Services Field Site locations. The SCO will assist the Contractor in completing this process.

Section 2 – Transfer and Hypothecation

- (A) **General Prohibition** - Except as specifically provided herein or specifically approved by DLA DISPOSITION SERVICES in writing, the Contractor may not directly or indirectly sell, transfer, assign, pledge, offer as collateral or otherwise hypothecate all or any part of its rights or obligations under the contract.
- (B) **Attempted Transfer** - Any attempted transfer in violation of the provisions of this Article shall be null and void, and shall constitute a material breach of this contract.

Section 3 – Contract of Sale

- (A) **Relationship of Parties** - This contract is an agreement for the sale of the property by DLA DISPOSITION SERVICES as seller to Contractor as the buyer. Contractor and DLA DISPOSITION SERVICES expressly disavow the creation of any other relationship, including without limitation principal-agent, master-servant, employer-employee, general or limited partnership, or joint venture, between DLA DISPOSITION SERVICES and the Contractor.
- (B) **Parties to Contract** - The parties to this contract are DLA DISPOSITION SERVICES and the Contractor. The exclusive representative of DLA DISPOSITION SERVICES for all purposes under this contract is the SCO, and all notices, demands, requests, consents, approvals, declarations, reports and other communications to DLA DISPOSITION SERVICES from Contractor shall be deemed ineffective unless addressed to the SCO. Communications from the Contractor to anyone other than the SCO shall not be deemed received by DLA DISPOSITION SERVICES.

Section 4 – Authority of Sales Contracting Officer (SCO) - On behalf of DLA DISPOSITION SERVICES, the SCO has the authority to represent DLA DISPOSITION SERVICES and to commit DLA DISPOSITION SERVICES to take such actions as permitted or required and to extend or waive timing requirements or deadlines as may reasonably be required under the performance of this contract.

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ARTICLE THREE
Contract Financial Retention

Section 1 – Bid Deposit - Each bid must be accompanied by a refundable bid deposit in the form of a guaranteed instrument (cashier's or certified check) in the amount of one-hundred thousand dollars (\$100,000.00) payable to U.S. Treasury. DLA DISPOSITION SERVICES will retain the Contractor's bid deposit until completion of the wind-down period. The bid deposit will be applied to any unpaid billings or to offset any other claim that DLA DISPOSITION SERVICES may have against the Contractor. DLA DISPOSITION SERVICES shall return any available balance of the bid deposit, without interest, to Contractor at the completion of the wind-down period. At time of contract award, DLA DISPOSITION SERVICES will use the approved bid percentage offered by contractor to estimate approximately two (2) months of material revenue. If bid deposit is not sufficient to cover this estimate, DLA DISPOSITION SERVICES will require the difference between the bid deposit and the 2 month estimated revenue. If the bid deposit is greater than two (2) months estimated material revenue, DLA will return the difference to the contractor within 90 days of contract award.

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ARTICLE FOUR

Contract Performance

Section 1 – Performance Period - Subject to the early cancellation option provisions and the Termination for Convenience of the Government provisions, the Government shall provide property for a twenty-four (24) month period from the date of the initial delivery order to Contractor. DLA DISPOSITION SERVICES may exercise three one-year options to extend the performance period for up to an additional thirty six (36) months based on Government requirements. The Government may extend the term of this contract by providing written notice to the Contractor within 120 calendar days of contract end. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

Section 2 – Phase-In Period - The Contractor must be fully operational and prepared to accept all property within two (2) months of award or December 30, 2015, whichever comes first. Contractor must notify the Government when they are ready to accept property. Contractor may request acceleration of referrals at any delivery point, and DLA DISPOSITION SERVICES will respond to such request in the exercise of its sole discretion.

Section 3 – Processing Requirements: The contractor must be able to DEMIL a minimum of 100,000 lbs of material per week at the location that will be handling the DEMIL property. DEMIL property must be destroyed/mutilated within five (5) business days of receipt and inventory at the processing facility. The contractor must be able to process 480,000 pounds of non-DEMIL/DMF material weekly. DMF material must be destroyed within ten (10) business days of receipt and inventory. These estimates do not guarantee nor should it be inferred to guarantee an amount to be available to the contractor. Contractor must clearly document arrival dates, location shipped from, storage location at facility, and destruction/sales dates as outlined in Article 9 of this IFB.

Section 4 – Termination for Convenience of the Government – The Government may terminate performance of work under this contract in whole or, from time to time, in part if the SCO determines that a termination is in the Government’s interest. The SCO shall terminate by delivering to the Contractor a Notice of Termination specifying the extent of termination and the effective date.

After receipt of a Notice of Termination, and except as directed by the SCO, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

- (1) Stop work as specified in the notice.
- (2) Unless otherwise directed by the SCO, place no further subcontracts or orders (referred to as subcontracts in this clause) for materials, services, or facilities. Stop any pending sales and make no further sales to resale buyers.
- (3) Terminate all subcontracts to the extent they relate to the work terminated.
- (4) Unless otherwise directed by the SCO, assign to the Government, as directed by the SCO, all right, title, and interest of the property issued by Delivery Order whether in Contractor or subcontractor facilities. Whether property is in Contractor or subcontractor facilities, coordinate with the SCO the return of any property issued to the Contractor by Delivery Order to the Government or move property to Contractor owned facilities for Government retrieval upon written direction from the SCO.

(5) With approval or ratification to the extent required by the SCO, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts.

(6) Take any action that may be necessary, or that the SCO may direct, for the protection and preservation of the property related to this contract that is under title and/or in the possession of the Contractor or subcontractor and in which the Government has or may acquire an interest until surrendered to the Government or its agent. The Contractor and SCO shall agree on payment for the preservation and protection of goods. Failure to agree on an amount will be a dispute under the Disputes clause.

The Contractor shall submit a complete termination inventory schedule to include a list, certified as to DTID and quantity, of termination inventory no later than 30 calendar days from the effective date of termination, unless extended in writing by the SCO upon written request of the Contractor within this 30 calendar day period. The Government will review the inventory list within 14 calendar days and contact the Contractor with any discrepancies and notify the Contractor of items that the Contractor can retain title of. The retention of title of these items will be by mutual agreement.

If the Contractor has any cost it wishes the Government to consider prior to the Government assessing settlement costs, they must be submitted within 14 calendar days of final removal of returned surplus property to the Government. Any cost submitted by the Contractor must be determined to be allocable, allowable, and reasonable and supported with documentation to the degree required by the SCO. Unless extended in writing by the SCO, upon written request of the Contractor, the SCO shall determine the settlement proposal within 14 calendar days of receipt of any submission of final Contractor settlement costs. If the Contractor fails to submit their proposal for settlement cost within the time allowed, the SCO may determine, on the basis of information available, the amount, if any, due the Contractor or owed by the Contractor. If the Contractor pays for return of the property issued on Delivery Order, the cost of return of the property issued by Delivery Order will be offset by any payment the Government has already received for said property. If the Government pays for the return of property payment received for the property will be returned less any Government determined settlement costs to be paid by the Government.

The Contractor has 14 calendar days to review the contract settlement proposal and request any additional information. Payment to be made by either party shall be made within 30 calendar days of Contractor receipt of the settlement proposal. Any amount due the Contractor may include a reasonable allowance for profit for work completed. If the Contractor fails to pay settlement cost within the specified time, the cost will be deducted from any deposit funds available from the performance of this contract. Any remaining funds from the deposit will be returned by the Government.

If the Contractor and the SCO fail to agree on the amount that may have been determined due to the Contractor by the Government due to the termination of the sales contract, the SCO shall pay the Contractor the amounts determined by the SCO within the specified time. Any amount due to be paid by the Contractor and not paid within the specified time period shall be charged interest based on the rate determined by the Secretary of Treasury.

The cost principles and procedures of Part 31 of the Federal Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.

The Contractor shall have the right of appeal, under the Disputes clause, from any determination made by the SCO, except that if the Contractor failed to submit the termination settlement proposal or a request for equitable adjustment within the time provided.

In arriving at the amount due the Contractor under this clause, there shall be deducted;

- (1) Any claim which the Government has against the Contractor under this contract; and
- (2) The agreed price for, or the proceeds of sale of, materials, supplies, or other things acquired by the Contractor or sold under the provisions of this clause and not recovered by or credited to the Government.

This clause has the same full effect, if this contract is terminated in partial.

Unless otherwise provided in this contract or by statute, the Contractor shall maintain all records and documents relating to the terminated portion of this contract for 3 years after final settlement. This includes all books and other evidence bearing on the Contractor's costs and expenses under this contract. The Contractor shall make these records and documents available to the Government, at the Contractor's office, at all reasonable times, without any direct charge. If approved by the SCO, photographs, microphotographs, or other authentic reproductions may be maintained instead of original records and documents.

Section 5 - Wind-Down Commencement Date - Beginning with the date that is the earlier of either the end of the performance period or the effective date of termination by reason of DLA DISPOSITION SERVICES or the Contractor exercising the early cancellation option or by reason of a material breach, the contract shall wind-down for a period of 120 calendar days.

Section 6 - Cessation of Property Referrals - There shall be no further referrals of property by DLA DISPOSITION SERVICES to Contractor from the wind-down commencement date forward. Submission of Contractor required reports shall continue as before the wind-down commencement date until the wind-down is completed.

Section 7 - Conduct of Wind-Down - From the wind-down commencement date forward, the Contractor shall perform their remaining obligations hereunder in accordance with the provisions of this contract. During contract wind-down period, should the Contractor elect not to sell or mutilate property that has been previously issued on a Delivery Order, it shall be the Contractor's sole responsibility for any cost associated with the return of the property to the Government. Any purchase price paid by the Contractor shall not be refunded to the Contractor. Contractor has 30 days from the last delivery to mutilate all controlled property delivered.

Section 8 – Phase-out period. Phase-out period is that time when the current contract is in effect and the current Contractor is performing against the contract. DLA Disposition Services will notify the Contractor that a follow on contract may be in place with another Contractor and run concurrently during the phase-out period. The phase-out period will be 30 days in duration. The Contractor must process all remaining mutilation or DEMIL inventory within 30 days of the end of the contract deliveries. Government personnel will have 10 business days to leave the facility with all Government equipment and documentation.

ARTICLE FIVE
Distributions/Payments

Section 1 – Monthly Payments – Contractor will pay DLA DISPOSITION SERVICES the billed amount for property delivered each month. DLA DISPOSITION SERVICES may issue multiple Statements of Account (SOAs) to the Contractor no later than the last day of each month. The SOA(s) will reflect the weight of the property issued to the Contractor during the prior month less any credits applied during the month for returned property.

The balance reflected on the SOAs will be the amount owed to DLA DISPOSITION SERVICES by the Contractor for the particular month billed. Contractor is required to submit payment to DLA as directed by billing documents. Payments are due on the 25th of the following month of which the inventory was delivered.

Section 2 – Method of Payment – Payments made to DLA DISPOSITION SERVICES will be via an Electronic Funds Transfer (EFT). The account number for EFT and wire transfers will be provided by the SCO and updated whenever necessary.

Section 3 – Failure to Make Timely Payment - Should Contractor fail to pay to DLA DISPOSITION SERVICES the full amount owed as reflected on the SOAs each month on or before the date that such payment is due, DLA DISPOSITION SERVICES may, in its sole discretion, (i) apply that portion of the payment deposit that is necessary to pay the amount owed, and (ii) notify Contractor that such failure constitutes a material breach that the Contractor must cure within ten (10) calendar days of notice thereof by paying to DLA DISPOSITION SERVICES an amount equal to one-hundred twenty percent (120%) of the subject amount owed, which payment shall be applied by DLA DISPOSITION SERVICES to replenish and increase the amount of the payment deposit. The Contractor shall also be assessed interest on the payment based on the current rate as determined by the Secretary of Treasury. The interest will be added to the next month's Statement of Account(s).

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ARTICLE SIX
Product Pool, Property Referrals and Title Transfer

Section 1 – Product Pool

(A) **Property Flow** - The property included in this contract is potentially usable and recyclable Electronic Equipment and related peripherals primarily in FSG 70. Inventory may include computers, monitors, CRT screens, telephones, cell phones, tablets, or other personal media devices. The property may also include military electronics such as electronic components, drawers, modules, circuit cards/boards, radios, radar, test equipment, US military ground, naval and air electronic warfare equipment. All property will be transferred as pounds. Inventory will be located in the Continental United States (CONUS) to include, Puerto Rico, and possibly the Virgin Islands. The Government may include locations outside CONUS at mutual agreement of the Contractor. Property issued under this contract will be assigned a demilitarization code of A, B, C, D, F or Q. Under no circumstances is culling for the purpose of effecting partial or incremental removals authorized. DLA DISPOSITION SERVICES reserves the right to sell property or offer property through alternative sales or contract means for all property that may be considered part of this contract. The Government may elect to offer property consisting of hazardous material, power supplies; mini ups systems, electron tubes, and related or peripheral Electronic equipment. DLA Disposition Services policies may change that change the product pool.

(B) **Government’s Right to Retrieve Property** - The Government reserves the right to retrieve or direct mutilation of property delivered that is found to have become controlled or that is needed to support the mission of DOD. Contractor must return or mutilate the controlled items upon notification from the Government and return mission essential required property whenever it has not been resold by the Contractor. DLA DISPOSITION SERVICES will not reimburse the Contractor for any lost revenue associated with property that has been sold to a resale buyer.

(C) **Contractor’s Right to Non-Delivery Order Items** - The Government will determine the items to be sold to the Contractor. The Contractor is obligated to purchase all property issued on a delivery order. Under no circumstances is culling for the purpose of effecting partial or incremental removals authorized. Contractor has no right to any property that is not issued to them on a delivery order. Subject to certain limited exceptions, the Contractor will have the contractual obligation to purchase the flow of property when it is shipped to the contractors facilities. DLA DISPOSITION SERVICES reserves the right to sell property or offer property through alternative sales or contract means for all property not issued on a Delivery Order under this IFB.

(D) **DMF Items:** Items delivered under this category require complete Destruction with Contractor oversight and must be inventoried upon receipt at contractor’s location. This inventory is Demil required or controlled and must be completely destroyed to prevent reconstitution of any functional device. Material destroyed under this category must be accounted for from time of delivery at recycling facility through complete destruction. Title to DMF material does not pass to buyer until DMF certificates of destruction are received by DLA DISPOSITION SERVICES.

(E) **Electronic Recyclable Material:** Generally described as: Computers, printers, memory devices, copiers, fax machines, telephones, mobile electronic devices and related peripheral electronic or support equipment. Items delivered under this category may contain Personally Identifiable Information (PII) and shall be sanitized, purged or destroyed according to NIST publication 800-88 and R2/e-Steward requirements.

(F) Buyer and partnerships formed by buyer entities that will process e-recyclable material as a result of this contract must be qualified R2 or e-Steward and provide EUC to Disposition Services.

Section 2 – Property Referrals

(A) Location - Property that is referred for sale to the Contractor shall be located within the Continental United States to include Puerto Rico, and possibly the Virgin Islands. The government reserves the right to ship property from any location in the U.S. to any location in the U.S. at its sole discretion. The Government guarantees a minimum of five (5) million pounds of material annually under this contract. The Contractor is required to maintain a single facility and no more than five (5) destination locations where the Government will ship e-recyclable material. One facility will be designated a “de-militarization” (DEMIL) facility and will require permanent presences, not to exceed three people, throughout the contract term. The Contractor is required to allow Government presence at any location that is processing Government material throughout the duration of the contract. Contractor is also required to allow permanent Government presence at the DEMIL facility. With prior approval of the Government, certain exceptions for property movement may be considered by the SCO. Property may not be resold on a Government facility.

(B) Contractor’s Receipt of Direct Shipments – The velocity of the trucks arriving at the Contractor’s facilities will fluctuate based on various surges of property. The Government will determine which Contractor location (of the facility identified by the contractor) the property will ship. The Contractor must be prepared to receive a total of approximately 50 trucks per week directly shipped by the Government during any one surge. Should the Government incur a surge causing an increase of trucks per week, the Government agrees to offer the Contractor a 30 day advance notification. The Government will use parcel shipments in this delivery and this will not be counted in the “trucks per week” shipping count. The increased workload upon the Contractor would not be at any additional costs to the Government to include Seller Indirect Costs. The Government does not guarantee 50 trucks per week but provides this information solely for planning purposes.

(C) Initial Delivery Order - DLA DISPOSITION SERVICES shall deliver the initial Delivery Order to the Contractor on the dates that are (i) within the time specified for the phase-in period, and (ii) the date DLA DISPOSITION SERVICES has received and approved all the information required under the provisions of this contract.

(D) Title Transfer of Property – Demilitarization/Demanufacturing inventory will transfer title when destruction has been effected and certificate of destruction has been received by DLA DISPOSITION SERVICES. Title will transfer for NON DEMIL electronics inventory upon removal of material from Government installation. Unless otherwise provided in this IFB, DLA DISPOSITION SERVICES shall transfer title to the Contractor when property has been delivered to Contractor’s recycling facility. Any subsequent resale transactions of property are between the Contractor and the resale buyer, not the Government and the resale buyer.

(E) Risk of Loss – Contractor is responsible for paying for all weight of each Delivery Order unless an adjustment is approved by the SCO.

(F) Property Surges - Contractor acknowledges that during the performance of this contract, changes in Government processes or procedures could result in large generations of property being turned into DLA DISPOSITION SERVICES which could ultimately be referred under this contract. DLA DISPOSITION SERVICES and the Contractor agree to cooperate and institute special procedures as necessary in connection with property surges. The direct costs of the increased workload upon the Contractor would not be at any additional costs to the Government to include Seller Indirect Costs.

ARTICLE SEVEN
Trade Security Control (TSC) Requirements

Section 1 – Contractor’s Trade Security Control (TSC) Requirements - Prior to award of this contract, the Contractor will be required to obtain a TSC assessment/clearance by providing the Sales Contracting Officer a properly completed End-Use Certificate (EUC) in the form of a DLA Form 1822 (copy available on the DLA DISPOSITION SERVICES web site, <http://www.dispositionservices.dla.mil/sales/Pages/usable-sales-property.aspx>). The clearance may need to be renewed during the performance period of this contract and at the request of the Government. The clearance investigation determines that the entity is who it claims to be, doing business at the name and location claimed and that there are no disqualifying factors present (i.e., convictions for illegal export of military technology, debarment by a Government activity, etc.). The Contractor is required to comply with all current or future TSC procedures as mandated during the performance period of this contract. Such new requirements may impose higher costs upon the Contractor in order to comply.

Section 2 – United States Munitions List Items and Commerce Control List Items -

(A) Acknowledgment of Export Restrictions - Contractor acknowledges that some items in the product pool may be subject to export restrictions and Trade Security Controls (TSC) Assessments/Clearances.

Section 3 – Re-Sale of Computers, Printers, copiers and other electronic equipment. Electronic house hold equipment not modified for military use may be resold after all memory has been purged, erased or destroyed. R2 or e-Steward rules/regulations apply. End use certificates for re-sale buyers are not needed for this inventory.

Section 4 – Removal/sanitization of Personally Identifiable Information (PII). An electronics recycle shall sanitize, purge, or destroy data on hard drives and other data storage devices (the National Institute of Standards and Technology’s (NIST’s) Guidelines for Media Sanitation – Special Publication 800-88 88 lists categories of devices which need sanitation consideration), unless otherwise requested in writing by the customer.

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ARTICLE EIGHT
Labels and Markings

Section 1 – Government Labels, Classified Markings: All inventory not completely destroyed must have Government labels removed. Any equipment that has been found with classified markings intact must be immediately secured in a minimum access room or cabinet (preferably a safe) until retrieved by Government personnel or follow-on handling instructions can be executed.

Section 2 – Removal of Government labels: Prior to selling of any property received as part of this contract, contractor must remove any/all labels that would identify the property as Government property. Labels need not be removed from material destined to be destroyed.

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ARTICLE NINE
Government Required Reports

Section 1 – Inventory Reports – Contractor is required to provide DLA DISPOSITION SERVICES monthly reports reflecting a complete list of inventory received and processed. Contractor will provide a breakdown of all material received by commodities type listed in the AMM when applicable. The contractor will also report pounds processed/mutilated, pounds pending mutilation, items being refurbished and resold. Demil/Deman property will be assigned a unique number for the conveyance vehicle and a separate unique number for the individual packaging (tri-wall) containing Demil/Deman material. Contractor shall provide a report that includes Truck number, container number, date material was shipped, date material was received, weight of material received, and date material was destroyed/mutilated. This report will be the official method by which contractor will assert that the material was destroyed IAW all contract requirements.

Section 2 – Non Responsive Resale Buyer Report – On a monthly basis, the Contractor is required to provide DLA DISPOSITION SERVICES a spreadsheet listing resale buyers who failed to either respond or return property when requested by the Contractor. The spreadsheet must identify the resale Event and Lot number applicable and includes all fields provided on the Delivery Order. In addition, the spreadsheet must provide the dates of Contractor’s attempts to retrieve the property and the customer’s responses/non-responses. The specific reporting requirements will be further coordinated between the Sales Contracting Officer (SCO) and the Contractor during the contract phase-in period.

Section 3 – Classified Inventory Report – Contractor is required to provide a monthly report to the SCO of all items inadvertently delivered with classified markings intact. The report will document: Date of discovery, Item description, Make, Model and any document that may indicate its origin, POC discovering the material and Government representative notified. If/when classified material is discovered, the material shall be secured and contractor shall notify Government representative immediately. If local Government representative is not available at time of discovery, Contractor shall notify the SCO.

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ARTICLE TEN**Contractor Owned/Leased Facilities, Government owned Material Handling Equipment (MHE), Government Personnel**

Section 1 – Contractor Owned/leased Storage Facilities – For Government shipping purposes, the Contractor is limited to no more than five (5) destination locations where the Government will transport property to the Contractor’s facility. Shipment destinations must be located within the Continental United States (CONUS) and East of the Mississippi, unless expressly authorized by the SCO. The Government will determine which Contractor location the property will be shipped for non-DEMIL/DEMAN property. The Contractor is required to allow Government presence at these locations as needed, at times on a continuous basis. The Government will require access to Contractor’s facilities during business hours. At times, property may be outside normal height/size applications for Electronics. Property may be delivered in large racks, containers or tractor trailers. It will be the responsibility of the contractor to provide a secure storage area for this material and to process the material. If the material cannot be stored out of the elements, it must be stored in an area that can be secured and safeguarded against vandalism/theft.

Section 2 – Government Owned Material Handling Equipment (MHE) – Government owned Material Handling Equipment (MHE) will not be made available to the Contractor.

Section 3 – Accommodating Government Personnel -- Contractor will accommodate up to three personnel at a processing location for the “Demufacturing” and Demil required items. Government personnel will be at this location to verify the destruction and Demil of the inventory. Contractor must provide office space with internet connectivity at no cost to the Government. The Government may increase personnel to meet inventory surges.

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ARTICLE ELEVEN

Property Returns

Section 1 – Property Accountability of Items Issued to Contractor - Regardless of the ultimate disposal of items issued to the Contractor on a Delivery Order, DLA DISPOSITION SERVICES must maintain cradle-to-grave accountability of all DEMIL property. All inventories in the Demanufacturing commodities must be accounted for until complete mutilation has been completed.

Section 2 – Property Retrieval of Controlled Items –

(A) Property Located at Contractor’s Facilities - Property issued to the Contractor may later become controlled or mission essential to the Government and not eligible for sale. DLA DISPOSITION SERVICES will provide notification to the Contractor identifying such property. The Contractor must return the identified items to the Government within three (3) business days from the notification or mutilate/recycle. DLA DISPOSITION SERVICES will advise the method for return based on the applicable item and will reimburse the Contractor costs associated with the return of property to DLA DISPOSITION SERVICES..

(B) Property Resold - Not Removed from Contractor’s Facilities – Contractor may have resold items that later become controlled and not eligible for sale. If the identified controlled item has not been removed from the Contractor’s facilities, Contractor agrees to not allow removal and will return the identified item to the Government within three (3) business days of the notification. DLA DISPOSITION SERVICES will advise the method for return based on the applicable item and will reimburse the Contractor costs associated with the return of the property. DLA DISPOSITION SERVICES will not reimburse the Contractor for any lost revenue associated with the return of property that has been resold.

(C) Property Resold - Removed from Contractor’s Facilities – Contractor may have resold items that the resale buyer has physically removed from the Contractor’s facilities that later becomes controlled. Within three (3) business days of the DLA DISPOSITION SERVICES notification, Contractor is required to notify their customer and request the item’s return if the resale of such property has occurred within the last year. The Contractor must initially contact their customer by either e-mail or registered letter. If the resale buyer is non-responsive to the initial request or fails to return the property, Contractor is responsible for contacting the resale buyer again within 21 business days of the initial contact via a registered letter.

(D) Status Report of Non-Responsive Resale Buyers - On a monthly basis, Contractor is responsible for notifying DLA DISPOSITION SERVICES of the results of the property retrieval actions. The report must identify the resale buyers who are non-responsive to either the retrieval attempts or those that fail to return the property. Reports must be submitted to the SCO by the 15th of each month and must reflect the status of the previous month’s actions. Contractor must identify the controlled items and provide the resale customer’s name, address, and phone number.

(E) Sales Participation of Non-Responsive Resale Buyers - Based on the national security threat of the property being requested to be returned, DLA DISPOSITION SERVICES reserves the right to request that the Contractor no longer conduct a resale to non-responsive customers. DLA DISPOSITION SERVICES will notify the Contractor of individuals/companies falling into this category on a case by case basis.

Section 3 – Reutilization/Transfer/Donation (RTD) Property Returns - There will be occasions when the Government will request the return of property issued to the Contractor because it is needed in support of the DLA DISPOSITION SERVICES Reutilization/Transfer/Donation (RTD) mission. DLA DISPOSITION SERVICES Reutilization customers will be required to certify that the property being requested is “mission essential” and DLA DISPOSITION SERVICES will have checked current on-hand inventory to determine there is no other like items on-hand that can meet the customer’s requirement. Property will only be requested back from the Contractor to meet a Transfer or Donation customer’s requests when either an error was made on the part of DLA DISPOSITION SERVICES or the DLA DISPOSITION SERVICES Property Accounting system causing the item to not receive full screening or that the customer’s approved requisition was not processed appropriately by DLA DISPOSITION SERVICES. The Contractor must return those items that have not been resold. Resold would indicate the Contractor has resold the item to a customer, regardless of whether the item has been physically removed by the re-sale customer. DLA DISPOSITION SERVICES will issue the Contractor’s purchaser price of the returned property.

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ARTICLE TWELVE
Contract Operational Requirements

Section 1 – Contractor Certification - Contractor is required to provide Destruction Certification at all sites processing the Demanufacturing product pool. Demil training must be completed within 4 months of contract award. Training will be offered by DLA and will be conducted via the web or electronic media. Re-certification for all employees handling Demil material will be annually. A copy of the completion letter shall be provided to the contracting officer.

Section 2 - DLA DISPOSITION SERVICES Inspection of Property – Contractor is required to allow DLA DISPOSITION SERVICES or a DLA DISPOSITION SERVICES sponsored agency to perform physical inspections of property when requested.

Section 3– Duties of Care and Loyalty –

(A) Duty of Care – Contractor shall not cause or permit any action or omission in the course of performing the contract that damages DLA DISPOSITION SERVICES and constitutes gross negligence, recklessness, or intentional harm. Performance under this contract must be in compliance with all local, state and federal laws and regulations. Accordingly, it is the responsibility of the Contractor to ensure all such laws and regulations are adhered.

(B) Duty of Loyalty – Contractor shall carry out the responsibilities under the contract with honesty, good faith and fairness towards DLA DISPOSITION SERVICES.

Section 4 – Certifications: Contractor must have current Responsible Recycling (R2) certification or e-Steward certification for all processing locations by a recognized governing body. Contractor must provide proof of certification. Contractor/recycler must maintain R2 or e-Steward Certification throughout the contract period.

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ARTICLE THIRTEEN
Material Breach

Section 1 – Notice of Material Breach - In the event of a material breach or default of the respective duties in the performance of this contract, the Contractor or DLA DISPOSITION SERVICES, the party asserting such material breach, shall serve notice upon the party that committed or is alleged in the notice to have committed such material breach.

Section 2 – Response to Notice - Except as otherwise provided, the breaching party may cure the material breach within thirty (30) calendar days of such notice referred to as the cure period or within such longer cure period as the notice may provide unless, within the cure period, the non-breaching party withdraws the notice in writing or extends the cure period in writing.

Section 3 – Termination - Termination shall be effective upon notice by the non-breaching party to the breaching party served upon or after the date of such decision. Unless otherwise provided, Contractor and DLA DISPOSITION SERVICES shall continue to perform their respective duties under the contract during the cure period.

Section 4 – Intentional Breach - An asserted material breach comprised of an intentional breach of the duty of loyalty or the duty of care may not be cured unless DLA DISPOSITION SERVICES, in its sole discretion, specifies a cure period in the notice. Termination shall be effective upon the later of the date of service of such notice or the expiration of the cure period.

Section 5 – DLA DISPOSITION SERVICES Remedies for Material Breach by Contractor - If the breaching party is the Contractor, DLA DISPOSITION SERVICES may take any one, any combination or all of the following actions to satisfy its claims for any non-payments or other damages:

- (i) Apply the payment deposit;
- (ii) Present a claim for indemnity against Contractor;
- (iii) Present a claim upon the Fidelity Bond or any other applicable insurance or surety policy;
- (iv) Seek appointment of a receiver or trustee for Contractor;
- (v) Seek monetary damages, restitution or any other legal or equitable remedy to which it is entitled;
- (vi) Assert any other right, claim, or remedy available pursuant to the contract disputes act.

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ARTICLE FOURTEEN
Contract Compliance, Audits and Reviews

Section 1 – Compliance with Applicable Laws and Regulations – Contractor and its resale buyers shall comply with the requirements of all applicable federal, state, and local laws, regulations, ordinances, directives and instructions connected with the performance of this contract, including without limitation such requirements pertaining to income and payroll taxes, environmental matters and occupational safety.

Section 2 – Licenses and Permits – Contractor shall obtain any necessary licenses and permits, and comply with all federal, state, and local laws and regulations in connection with the prosecution of the work. This responsibility requirement will be a matter of inquiry during the SCO's pre-award evaluation of the bidder's capability to perform the contract satisfactorily. It will also be a continuing matter of inquiry by the SCO during the performance of the contract.

Section 3 – Prohibited Activities – Contractor shall not undertake the following activities without written permission from the SCO, which permission may be granted or withheld by DLA DISPOSITION SERVICES in the exercise of its sole discretion:

(A) Enter into a partnership, joint venture or other arrangement where the purpose or effect is to engage indirectly in a transaction that would be prohibited by the provisions of this contract if undertaken by the Contractor directly; or

(B) Enter into contracts or other arrangements that would assign all or substantially all responsibility for and control of performance of the contract to another party or parties, without the prior written approval of DLA DISPOSITION SERVICES which will consider such request in accordance with the Assignment of Claims Act of 1940, as amended, 41 U.S.C. sec. 15, and the Government's best interest. In the event of any improper assignment without the written approval of DLA DISPOSITION SERVICES, this contract shall be terminated at the option of the Government in the exercise of its sole discretion; or

(C) File a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code (or corresponding provisions of future law) or any other federal or state insolvency law; file an answer consenting to or acquiescing in any such petition; make any assignment for the benefit of Contractor's creditors; or admit in writing Contractor's inability to pay its debts as they mature, without the prior written consent of DLA DISPOSITION SERVICES.

Section 4 – Contractor Cooperation in DOD Investigations/Audits – Contractor agrees to fully cooperate with the Government when informed by DLA DISPOSITION SERVICES of an ongoing investigation by any DOD or Federal Government investigation service or agency or during DLA DISPOSITION SERVICES Compliance Reviews or Audits. Contractor agrees to provide DLA DISPOSITION SERVICES with all requested information regarding property or information relating to the Contractor's resale buyer. Contractor must make all sales records pertaining to such investigations available to DLA DISPOSITION SERVICES at the earliest available opportunity but no later than three (3) business days of the request. Requests for information should be provided in electronic format when possible. Contractor personnel with knowledge of the particular subject matter must be available to cooperate with any Government investigation.

Section 5 – Records Maintenance – Contractor shall maintain all records accurately and in a manner that will allow clear and accurate auditing.

Section 6 – Inspection of Records and Workplace by Government - The Government has the right to audit the records and inventory in order to review Contractor's operations. The audit may consist of a complete or random sample examination.

Section 7 – Methods and Procedures for Compliance Reviews

(A) **Scope** - The scope of Compliance Reviews shall be as necessary to confirm Contractor's compliance with the provisions of the contract.

Section 8 – Compliance Notification - After completing the Compliance Review and/or Further Review, DLA DISPOSITION SERVICES shall notify Contractor in writing of any breach or default identified during the Compliance Review and/or Further Review.

Section 9 – Costs of Oversight - DLA DISPOSITION SERVICES shall pay all fees, costs and expenses DLA DISPOSITION SERVICES incurred in connection with its Compliance Reviews and Further Reviews.

Section 10 – Notice of Audit Adjustment - If any party determines that the records reflect any inaccuracies requiring entry of an adjustment, including, without limitation, the disbursement of any amount from the operating account or a transfer account that is inconsistent with any provision of the contract or the disposition of an item of property that is inconsistent with any provision of the contract, such party shall give written notice thereof to the other party or parties.

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ARTICLE FIFTEEN
Disputes

Section 1 – Disputes – Any contract awarded as a result of this sale is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613).

Section 2 – Claims – The term, “Claim” as used in this Article is defined as a written demand or a written assertion by one of the contracting parties seeking the payment of money, adjustment, or interpretation of the contract terms, or other relief arising under or relating to this contract. A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the SCO for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the SCO. A voucher, invoice, or request for payment that is not in dispute when submitted is not a claim for the purposes of the Contract Disputes Act. However, where such submission is subsequently not acted upon in a reasonable time, or disputed either as to liability or amount, may be converted to a claim pursuant to the Contract Disputes Act.

Section 3 – Decisions - For Contractor claims, the SCO must render a decision within 60 calendar days of the request or must notify the Contractor of the date by which the decision will be made. The SCO’s decision shall be final unless the Contractor appeals or files a suit as provided in the Act. The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the SCO.

Section 4 – Alternative Dispute Resolution (ADR) – The parties agree to use their best efforts to resolve any disputes that may arise without litigation. If unassisted negotiations are unsuccessful, the parties will use Alternative Dispute Resolution (ADR) techniques in an attempt to resolve the dispute. If the ADR is not successful, the parties retain their existing rights. If the Contractor refuses an offer for ADR, the Contractor shall inform the SCO in writing, of the Contractor’s specific reasons for rejecting the offer. Litigation will only be considered as a last resort when ADR is unsuccessful or has been documented by the party rejecting ADR to be inappropriate for resolving the dispute.

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ARTICLE SIXTEEN
Insurance and Bond Requirements

Section 1 – Modification of Special Circumstance Conditions

(A) Sale by Reference (SBR) Part 5 - Additional Special Circumstance Conditions – Miscellaneous (DLA DISPOSITION SERVICES Form 86, Oct 93), Article D, Liability and Insurance, paragraphs (a)(2) and (a)(3,) is modified as follows:

(1) Bodily Injury Insurance in an amount of not less than two hundred fifty thousand dollars (\$250,000.00) any one individual and one million dollars (\$1,000,000) any one accident or occurrence.

(2) Property Damage Liability Insurance in the amount of two hundred fifty thousand dollars (\$250,000.00) (which shall include any and all property whether or not in the care, custody or control of Contractor). The annual coverage shall be not less than one million dollars (\$1,000,000).

Section 2 – Further Modifications –

(A) Sale by Reference Part 5, Article D, paragraph (a) is also amended as follows:

(1) All risk coverage for fire and other property perils for all property owned by Contractor with aggregate coverage of five million dollars (\$5,000,000.00).

(2) Umbrella liability coverage up to two million dollars (\$2,000,000.00).

(3) Fidelity or blanket bond coverage in the amount of at least five million dollars (\$5,000,000.00). Contractor shall obtain and maintain such coverage with a responsible surety company with respect to all of Contractor's employees, officers and directors to protect Contractor against losses, including, without limitation, those arising from theft, embezzlement, fraud, or misplacement of funds, money, or documents. The issuer, policy terms and forms and amounts of coverage, including applicable deductibles, shall be satisfactory to DLA DISPOSITION SERVICES, and the policy shall include a provision that the issuer shall notify DLA DISPOSITION SERVICES in writing within five (5) business days of the cancellation or termination of any such coverage or of any modification of such coverage. Contractor shall notify DLA DISPOSITION SERVICES in writing within five (5) business days after filing a claim under such coverage.

(4) Comprehensive general liability, automobile liability, umbrella liability, Worker’s compensation and other insurance coverage as may be required by law. At its option, Contractor may obtain and maintain such additional insurance, including directors and officers coverage and errors and omissions coverage, as Contractor deems appropriate.

Section 3 – Evidence of Insurance - Within thirty (30) business days form the date of award, and annually thereafter, Contractor shall provide DLA DISPOSITION SERVICES copies of policies, certificates of insurance or other proof evidencing the coverage required. Contractor must obtain the minimum coverage specified unless DLA DISPOSITION SERVICES approves a variance from such minimum coverage. In the event that a specified coverage or limit is or in the future becomes commercially impractical, such approval shall not be unreasonably withheld.

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ARTICLE SEVENTEEN
Miscellaneous Provisions

Section 1 – Binding Effect - Subject to the restrictions on transfers and encumbrances set forth, this contract shall insure to the benefit of and be binding upon DLA DISPOSITION SERVICES and the Contractor and their respective legal representatives, successors and assigns. Whenever this contract refers to any party, such reference shall be deemed to include a reference to the legal representatives, successors and assigns of such party.

Section 2 – Notices - All notices, demands, requests, consents, approvals, declarations, reports and other communications required with regard to this contract shall be in writing except as otherwise provided and addressed to the Sales Contracting Officer (SCO).

Section 3 – Severability - If any provision of this contract or the application to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this contract and the application of such provisions to other persons or circumstances shall not be affected and the intent of this contract shall be enforced to the greatest extent permitted by law, DLA DISPOSITION SERVICES may in the exercise of its sole discretion cause termination by notice served within thirty (30) calendar days of the date upon which such judgment becomes final, such termination to be effective five (5) calendar days after the date of service of such notice.

Section 4 – Headings - The headings appearing in this contract are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any article or section of this contract.

Section 5 – Survival - The rights and obligations of the parties under this contract shall survive for a period of six (6) years after the completion of the wind-down period.

Section 6 – Waiver - No consent or waiver, expressed or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations under this contract shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party under this contract. Failure on the part of any party to complain of any act or failure to act by any of the other parties or to declare any of the other parties in default, regardless of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

Section 7 – Force Majeure - The parties shall be excused for the period of any delay in the performance of any obligations under this contract when prevented from performing such obligations by cause or causes beyond their reasonable control, including, without limitation, civil commotion, war, invasion, rebellion, hostilities, military or usurped power, sabotage, pestilence, riots, fire or other casualty or acts of God.

Section 8 – Use of DLA DISPOSITION SERVICES Name; Public Communications - Contractor shall not use the name of DLA DISPOSITION SERVICES, DLA or DOD or its logos for any marketing or other purposes without the express prior written consent of DLA DISPOSITION SERVICES, which consent may be withheld for any reason whatsoever and is subject to the sole discretion of DLA DISPOSITION SERVICES. Contractor shall not publicly denigrate the surplus property disposition program of the Department of Defense or the conduct thereof by DLA DISPOSITION SERVICES.

Section 9 – Tense and Gender - Unless the context clearly indicates otherwise, the singular shall include the plural and vice versa. Whenever the masculine, feminine or neuter gender is used inappropriately in this contract, this contract shall be read as if the appropriate gender had been used.

Section 10 – Entire Agreement; Modification - This contract, and the materials incorporated herein by reference, constitute the entire agreement between the parties regarding the matters contained in this contract. If there is any inconsistency between the terms of this contract and those of any Appendix, Schedule or Exhibit, the terms of this contract shall govern. There are no promises or other agreements, oral or written, express or implied, between the parties other than as set forth in this contract. No change or modification of, or waiver or compromise under, this contract shall be valid unless it is in writing and signed by a duly authorized representative of the party against which it is to be enforced. Contractor understands and agrees to submit a written request for contract modification to the SCO prior to effecting any change from that stated in its technical proposal and incorporated into this contract (including any subcontractors identified therein), and/or sale of Government property-item bid page, whether occurring before or after the release of the property. Contractor further agrees not to effect such changes without first receiving the written approval of the SCO.

Section 11 – Computation of Time - In computing any period of time prescribed or allowed by this contract, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is not a business day, in which event the period runs until the end of the next business day.

Section 12 – Electronic Communication - DLA DISPOSITION SERVICES and Contractor shall cooperate to facilitate delivery of Delivery Orders, Statement of Accounts, and other required reports to the extent reasonably practical by electronic transmission, such as by electronic mail or file transfer, rather than by delivery of a physical removable magnetic or optical storage medium.

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ADDITIONAL TERMS AND CONDITIONS OF SALE

The General Information and Instructions and Special Conditions of Sale contained in the DLA Disposition Services pamphlet entitled, "Sale by Reference - Instructions, Terms and Conditions Applicable to Department of Defense Personal Property Offered for Sale by DLA Disposition Services, July 2012" (hereinafter, Sale by Reference; a copy of the Sale by Reference is available on the DLA DISPOSITION SERVICES web site:

<http://www.dispositionservices.dla.mil/sales/documents/sales/final%20sbr%20update%202012.pdf>.

Sale by Reference is hereby incorporated by reference and become a part of this IFB and any resulting contract **except** for the following:

Part 3 E

Part 4 All

Part 5 Articles: A, E, G,

Part 6 Article: A

Part 7 Articles: A, B, C, D, J, P

Part 8 All

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ADDITIONAL CONTRACT ADVISEMENTS

Prospective bidders should note that work performed on Government premises, such as at field locations and other delivery points, may be subject to the provisions of Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973 (convict labor), and/or the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) and regulations of the Secretary of Labor there under (overtime compensation).

Prospective bidders should note that provisions of the Food, Drug and Cosmetic Act, 21 U.S.C. 311 et seq. and regulations promulgated there under forbid the sale of adulterated or misbranded medical devices.

Prospective bidders should also note that there are certain Public Laws that may impact the flow of items:

Hazardous Property: Should hazardous property be issued under this contract, the Government cautions that the item, material, or substance, or one or more components, parts, constituents or ingredients thereof may be corrosive, reactive, ignitable or exhibit other hazardous or toxic properties. Ammunition, Explosives, and Dangerous Articles (AEDA), MPPEH and Radioactive material may inadvertently be included in material. Contact the SCO for further instructions should this situation occur. The Government assumes no liability for any damage to the property of the Contractor, to the property of any other person, or the public property, or for any personal injury, illness, disability or death to the Contractor, Contractor's employees, or any other person subject to Contractor's control, or to any other person including members of the general public, or for any other consequential damages arising from or incident to the purchase, use, processing, disposition, or any subsequent operations performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance. The Contractor agrees to hold harmless and indemnify the Government for any and all costs and expenses incurred incident to any claim, suit, demand, judgment, action, debt, liability costs and attorney's fees or any other request for monies or any other type of relief arising from or incident to the purchase, use, processing, disposition, subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance, whether intentional or accidental.

Resource Conservation and Recovery Act Notice: EPA Hazardous Waste Regulations, 40 CFR Part 260 et seq. published at 45 Federal Register 33063-33285, May 19, 1980, became effective on November 19, 1980. These cradle-to-grave regulations detail the responsibilities of generators, transporters, treaters, storers, and disposers of hazardous waste. Civil and criminal penalties are available for noncompliance. DLA DISPOSITION SERVICES does not intend to transfer any RCRA regulated hazardous waste under this contract as regulated waste is disposed of under DLA DISPOSITION SERVICES' hazardous waste contracts. However, DLA DISPOSITION SERVICES can make no representations as to when and under what circumstances state, federal or local environmental regulations may be applicable to Property transferred to and held by the Contractor.

Chemical Agent Resistant Coating (CARC) Paint: Prospective offerors are cautioned that that some items are, or likely to contain or be coated with a chemical agent resistant to coatings containing trivalent chrome, lead, cobalt-zinc hexamethylene disocyanate and other chemicals which are a hazard to human health if not processed properly. The Government brings the following precautions/warnings

to the attention of prospective offerors who plan to apply the CARC paint or disturb the coating on the property in any way:

Airline respirators should be used during application processing (applying/sanding/torch cutting, etc.) unless air sampling shows exposure to be below OSHA/host Government standards, then a chemical cartridge air-purifying respirator must be used.

CARC paint should be isolated from heat, electrical equipment, sparks and open flame during storage or application. Local exhaust ventilation should be used for inside processing.

Exposure to vapor/mist/dust or fumes can cause irritation to respiratory tract (lung, nose, throat), edema, dermatitis, dizziness, rash, itching, swelling of extremities, eye irritation or damage to nervous system, kidney or liver. Coating may be fatal if swallowed.

Refrigerant: Refrigeration equipment and appliances are subject to the Clean Air Act (CAA) Amendments of 1990 which prohibit the venting or release to the environment of Class I or Class II ozone depleting substances, and are also subject to the Refrigerant Recycling Rule in 40 Code of Federal Regulations (CFR) Subpart F 82, 150-166, requiring the recovery and verification of refrigerant removal by a certified technician, using certified recovery equipment prior to final disposal as scrap or in a landfill.

Warranty for Usable Aircraft Components/Parts: The Contractor is advised that the aircraft components/parts on this sale may not currently be certified by the appropriate regulatory agencies for use on civilian aircraft. The Contractor represents, warrants, and guarantees to the Government that this (these) item(s) will not be used, offered for sale, or sold for use in civilian aircraft unless proper certification is obtained from the appropriate regulatory agencies. This (these) item(s) also may not be installed on any civilian aircraft unless installed by a Federal Aviation Administration (FAA) certified repairman and/or mechanic. The Contractor agrees to hold the Government harmless from any and all demands, suits, actions, or claims of whatsoever nature arising from or out of violation of this warranty.

Dunnage/recyclable material: DLA Disposition Services highly encourages the re-use/recycling of dunnage generated as a result of this contract. Materials such as wooden pallets, plastic pallets, cardboard tri-walls, plastic wrap, etc., should be recycled when recycling is not burdensome to the contractor.

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DEFINITIONS

Actual Cost: An amount determined on the basis of the cost incurred.

Allocable Cost: A cost is allocable to a Government contract if it is incurred specifically for the contract, if it benefits both the contract and other work and can be distributed to them in a reasonable proportion to the benefits received, or is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown. A cost is allowable only when the cost is reasonable and allocable. The Contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that any cost claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in FAR Part 31 and DOD or DLA supplements. The SCO may disallow all or part of a claimed cost that is inadequately supported.

Acquisition Cost: The amount identified as the original or estimated cost paid for property.

Acquisition Value: The amount indicated on Delivery Order that is computed by multiplying the "Quantity" by the "Item Unit Price".

Alternative Dispute Resolution (ADR): Any procedure (for example, mediation, conciliation, facilitation, fact-finding, etc.), or any other method to which the parties agree for resolving issues in controversy, except the term does not include unassisted negotiations.

Bid Percentage: The amount, expressed as a percentage of Acquisition Value, offered by the Contractor.

Business Day: Any day that is not a Saturday, Sunday or a Federal Government observed holiday. Federal holidays presently include New Year's Day, Martin Luther King, Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day and Christmas Day.

Commerce Control List (CCL): A list of items under the export control jurisdiction of the Bureau of Industry and Security, U.S. Department of Commerce. Note that certain additional items described in part 732 of the Export Administration Regulations (EAR) are also subject to the EAR. The CCL is found in Supplement No. 1 to part 774 of the EAR.

Commerce Control List Item (CCLI): An item or material found on the CCL.

Contractor's Purchase Price: The Acquisition Value of a particular item of property multiplied by the applicable Bid Percentage offered.

CONUS: Continental United States.

D4R: Electrical and electronic residue NOT containing Precious Metals.

Day: A business calendar day.

Demufacturing (DMF): A process method chosen by DLA Disposition Services to assure that electronic equipment (DEMIL and non-DEMIL) and scrap, which contains hazardous components, are disposed of by a breakdown and dismantling process of the property's bare material contents, and/or total destruction by shearing, cutting, or shredding.

Demilitarization: Demilitarization (DEMIL) is the act of eliminating the functional capabilities and/or inherent military design features from DOD Personal property. Methods and degree of DEMIL range from removal and destruction of critical features to total destruction by cutting, crushing, shredding, melting, burning, etc. DEMIL is required to prevent property from being used for its originally intended purpose and to prevent the release of inherent design information that could be used against the United States. DEMIL applies to material in both serviceable and unserviceable condition. The term demilitarization or DEMIL can only be applied to property that contains military functional capabilities and/or inherent military design features. The term demilitarization cannot apply to the destruction or mutilation of property which does not have these capabilities or design features.

Demilitarization Code (Demil): A single character alpha code assigned by the Item Manager identifying the degree of demilitarization necessary prior to accomplishing final disposition of an item.

Direct Cost: A cost identified specifically within a contract.

Disposal Turn in Document Number (DTID): A 14-position alpha/numeric combination used to identify a line item of property consisting of Department of Defense (DoD) address code, Julian date and serial number. The DD Form 1348-1A/2 is the standard document for turn-in of property.

DLA Disposition Services: The organization vested with operational command and administration of the disposal solutions for Department of Defense (DOD) surplus property.

DoD: Department of Defense.

Electronic: Any item powered by electricity that has logic circuitry and as a result, performs a function.

Federal Supply Class (FSC): A commodity classification code primarily used in the National Stock Number (NSN). The first 2 digits of the code identify the group and the last 2 digits identify the classes within the group.

Generator: The activity that produces the excess, surplus, foreign excess or other property; usually the entity formerly in physical possession and/or control of the property.

Hazardous Material (HM): Any material that is capable of posing an unreasonable risk to health, safety, and property during transportation in the United States. Overseas, HM is defined in the applicable Final Governing Standards or Overseas Environmental Baseline Guidance Document, and/or host nation laws and regulations.

Hazardous Waste (HW): Any property regulated under the Resource Conservation and Recovery Act (RCRA) or state regulation as a hazardous waste.

Invitation For Bid (IFB): An offer for bid submission.

Line Item: A single line entry on a reporting form that indicates an item of property located at any one activity having the same description, condition code and unit cost. A line item may be comprised of one or multiple units.

Local Stock Number (LSN): A locally purchased item with no NSN assignment.

Material Potentially Presenting an Explosive Hazard (MPPEH) (formerly Ammunition, Explosives, and Dangerous Article - AEDA): Material owned or controlled by the DoD that, prior to determination of its explosives safety status, potentially contains explosives or munitions (e.g., munitions containers and packaging material; munitions debris remaining after munitions use, demilitarization, or disposal; and range-related debris) or potentially contains a high enough concentration of explosives that the material presents an explosive hazard (e.g., equipment, drainage systems, holding tanks, piping, or ventilation ducts that were associated with munitions production, demilitarization, or disposal operations). Excluded from MPPEH are munitions within the DoD-established munitions management system.

Munitions List Item (MLI): Any item contained on the United States Munitions List listed in title 22, part 121 of the Code of Federal Regulations.

Mutilation: The act of making non-DEMIL required MLI or CCLI unfit for its intended purpose by cutting, tearing, scratching, crushing, breaking, punching, shearing, burning, neutralizing, etc.

National Item Identification Number (NIIN): A 9-digit number (immediately following the FSC) assigned to an item of supply that differentiates it from other items of supply.

National Stock Number (NSN): A 13-digit number consisting of the 4-digit FSC and the 9-digit NIIN that is assigned to identify an item of supply within the materiel management function.

Performance Period: Timeframe of the contract, to include any options offered.

Reasonable Cost: A cost is reasonable if, in its nature and amount, does not exceed that which would be incurred by a prudent person in the conduct of competitive business. Reasonableness of specific costs must be examined with particular care in connection with firms or their separate divisions that may not be subject to effective competitive restraints. No presumption of reasonableness shall be attached to the incurrence of costs by the Contractor. If an initial review of the facts results in a challenge of a

specific cost by the Sales Contracting Officer, the burden of proof shall be upon the Contractor to establish that such costs is reasonable.

Receipt in Place (RIP): Property being held at a location outside the DLA DISPOSITION SERVICES network although on the DLA DISPOSITION SERVICES accountable record during the disposal process and safeguarded by the Generator.

Rolling Stock: Ground related, self-propelled wheeled and track mounted vehicles (such as passenger motor vehicles, trucks and dozers) and trailers (such as semi-trailers, cargo trailers and special purpose trailers).

R/T/D: Reutilization/Transfer/Donation.

Sales Contract: An agreement between two parties that bind both parties and transfers title of specified property.

Sales Contracting Officer (SCO): A duly appointed individual granted the authority to sell surplus and foreign excess personal property by various prescribed methods of sale.

Scrap Property: A designation assigned by or with the approval of DLA DISPOSITION SERVICES personnel meaning the items has no value in excess of that of the item's basic material content.

Unallowable Cost: Any cost that, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable.

Usable Property: A designation assigned by or with the approval of DLA DISPOSITION SERVICES personnel meaning that the item has value in excess of that of the item's material content.

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