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CUSTOMER CONTRACT REQUIREMENTS Actuators CUSTOMER CONTRACT 40-0123

CUSTOMER CONTRACT REQUIREMENTS

If Form GP1 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 29. If Form GP2 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 28. If Form GP3 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 41. If Form GP4 is applicable to this procurement, this Attachment constitutes the Government clauses contemplated by Article 31. If this contract is for the procurement of commercial items, as defined in FAR Part 2.101, see Section 3 below.

- 1. The following contract clauses are incorporated by reference from the Federal Acquisition Regulation and apply to the extent indicated. In all of the following clauses, "Contractor" and "Offeror" mean Seller.
 - 52.203-6 Restrictions on Subcontractor Sales to the Government (JUL 1995). This clause applies only if this contract exceeds \$100,000.
 - 52.203-7 Anti-Kickback Procedures (excluding subparagraph (c)(1)) (JUL 1995). Buyer may withhold sums owed Seller the amount of any kickback paid by Seller or its subcontractors at any tier if (a) the Contracting Officer so directs, or (b) the Contracting Officer has offset the amount of such kickback against money owed Buyer under the prime contract. This clause applies only if this contract exceeds \$100,000.
 - 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity (JAN 1997). This clause applies only if this contract exceeds \$100,000. If the Government reduces Buyer's price or fee for violations of the Act by Seller or its subcontractors at any tier, Buyer may withhold from sums owed Seller the amount of the reduction.
 - 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (APR 1991). This clause applies only if this contract exceeds \$100,000.
 - 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (JUN 2003). This clause applies only if this Contract exceeds \$100,000. Paragraph (c)(4) is modified to read as follows: "(c)(4) Seller will promptly submit any disclosure required (with written notice to Boeing) directly to the PCO for the prime contract. Boeing will identify the cognizant Government PCO at Seller's request. Each subcontractor certification will be retained in the subcontract file of the awarding contractor.
 - 52.204-2 Security Requirements (AUG 1996). "Changes clause" means the changes clause of this contract. This clause applies only if access to classified material is required.
 - 52.208-8 Helium Requirement Forecast and Required Sources of Supply for Helium (JUN 1997). This clause only applies if helium is required.
 - 52.211-5 Material Requirements (AUG 2000). Any notice will be given to Buyer rather than the Contracting Officer.
 - 52.211-15 Defense Priority and Allocation Requirements (SEP 1990). This clause is applicable if a priority rating is noted in this contract.
 - 52.215-2 Audit and Records Negotiation (JUN 1999). This clause applies only if this contract exceeds \$100,000 and (i) is cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these types: (ii) Seller was required to provide cost or pricing data, or (iii) Seller is required to furnish reports as discussed in paragraph (e) of the referenced clause.

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- 52.215-10 Price Reduction For Defective Cost or Pricing Data (OCT 1997). This clause applies only if this contract exceeds \$550,000 and is not otherwise exempt. In subparagraph (3) of paragraph (a), insert "of this contract" after "price or cost." In Paragraph (c), "Contracting Officer" shall mean "Contracting Officer or Buyer." In Paragraphs (c)(1), (c)(1)(ii), and (c)(2)(i), "Contracting Officer" shall mean "Contracting Officer or Buyer." In Subparagraph (c)(2)(i)(A), delete "to the Contracting Officer." In Subparagraph (c)(2)(ii)(B), "Government" shall mean "Government or Buyer." In Paragraph (d), "United States" shall mean "United States or Buyer."
- 52.215-11 Price Reduction For Defective Cost or Pricing Data Modifications (OCT 1997). This clause applies only if this contract exceeds \$550,000 and is not otherwise exempt. "Contracting Officer" shall mean "Contracting Officer or Buyer." In subparagraph (d)(2)(i)(A), delete "to the Contracting Officer." In subparagraph (d)(2)(ii)(B), "Government" means "Government" or "Buyer." In Paragraph (e), "United States" shall mean "United States or Buyer."
- 52.215-12 Subcontractor Cost or Pricing Data (OCT 1997). This clause applies only if this contract exceeds \$550,000 and is not otherwise exempt. The certificate required by paragraph (b) of the referenced clause shall be modified as follows: delete "to the Contracting Officer or the Contracting Officer's representative" and substitute in lieu thereof "The Boeing Company or any of its wholly owned subsidiaries."
- 52.215-13 Subcontractor Cost or Pricing Data Modifications (OCT 1997). This clause applies only if this contract exceeds \$550,000 and is not otherwise exempt. The certificate required by paragraph (b) of the referenced clause shall be modified as follows: delete "to the Contracting Officer or the Contracting Officer's representative" and substitute in lieu thereof "The Boeing Company or any of its wholly owned subsidiaries".
- 52.215-14 Integrity of Unit Prices (excluding subparagraph (b)) (OCT 1997). This clause applies except for contracts at or below \$100,000; construction or architect-engineer services under FAR Part 36; utility services under FAR Part 41; services where supplies are not required; commercial items; and petroleum products.
- 52.215-15 Pension Adjustments and Asset Reversions (JAN 2004). This Clause applies to this contract if it meets the requirements of FAR 15.408(g).
- 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits Other Than Pensions (PRB) (JUL 2005). This Clause applies to this contract if it meets the requirements of FAR 15.408(j).
- 52.215-19 Notification of Ownership Changes (OCT 1997). This Clause applies to this contract if it meets the requirements of FAR 15.408(k).
- 52.215-21 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data Modifications (OCT 1997). This clause applies only if this contract exceeds the threshold set forth in FAR 15.403-4. The term "Contracting Officer" shall mean Buyer.
- 52.219-8 Utilization of Small Business Concerns (MAY 2004).
- 52.219-9 Small Business Subcontracting Plan (JAN 2002). In paragraph (c), "Contracting Officer" shall mean Buyer. This clause applies only if this contract exceeds \$500,000. and Seller is not a small business concern.
- 52.222-1 Notice to Government of Labor Disputes (FEB 1997). "Contracting Officer" shall mean Buyer.
- 52.222-20 Walsh-Healy Public Contracts Act (DEC 1996). This clause applies only if this contract exceeds \$10,000.
- 52.222-21 Prohibition of Segregated Facilities (FEB 1999).
- 52.222-26 Equal Opportunity (subparagraph (b)(1) through (11)) (APR 2002).

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52.222-35 Equal Opportunity for Special Disabled, Veterans of the Vietnam Era, and Other Eligible Veterans (DEC 2001). This clause applies only if this contract exceeds \$25,000.

- 52.222-36 Affirmative Action for Workers With Disabilities (JUN 1998). This clause applies only if this contract exceeds \$ 10,000.
- 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (DEC 2001). This clause applies only if this contract exceeds \$25,000.
- 52.223-3 Hazardous Material Identification and Material Safety Data (JAN 1997). This clause applies only if Seller delivers hazardous material under this contract.
- 52.223-13 Certification of Toxic Chemical Release Reporting (AUG 2003). Except for commercial items as defined in FAR Part 2, this clause applies to competitive procurements expected to exceed \$100,000 (including all options). If Seller is not subject to the Form R filing and reporting requirements, Seller shall inform Buyer which exemption or exemptions in subparagraph (b)(2) of this clause apply.
- 52.223-14 Toxic Chemical Release Reporting (excluding subparagraph (e)) (JUN 2003). This clause applies only if this contract is not for commercial items as defined in FAR Part 2, was competitively awarded, and exceeds \$100,000 (including all options).
- 52.225-8 Duty-free Entry (FEB 2000). This clause applies only if this contract identifies supplies to be afforded duty-free entry or if foreign supplies in excess of \$10,000 may be imported into the customs territory of the United States. For the purposes of this clause, the blanks in paragraph (g)(3) are completed as follows: UNITED STATES GOVERNMENT, DEPARTMENT OF DEFENSE, Duty-free entry is claimed pursuant Section XXII, Chapter 98, Subchapter VIII, Item No. 9808.00.30 of the Harmonized Tariff Schedule of the United States. Upon arrival of shipment at port of entry, the importer or authorized agent will notify Commander, Defense Contract Management Area Operations (DCMAO, New York, 201 Varick Street, New York, New York, 10014-4811, Attention DCRN-NCT) for execution of Customs Forms 7501, 7501-A, or 7506 and required duty free entry certificates.
- 52.225-13 Restrictions on Certain Foreign Purchases (JAN 2004).
- 52.227-1 Authorization and Consent (JUL 1995).
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996). A copy of each notice sent to the Government will be sent to Buyer. "Contracting Officer" shall mean "Buyer". This clause applies only if this contract exceeds \$100,000.
- 52.227-10 Filing of Patent Applications Classified Subject Matter (APR 1984). This clause applies only if this contract will involve access to classified information.
- 52.227-11 Patent Rights Retention by the Contractor (Short Form) (JUN 1997). This clause only applies if this Contract is for experimental, developmental, or research work and Seller is a small business firm or nonprofit organization.
- 52.227-12 Patent Rights Retention by the Contractor (Long Form) (JUN 1997). This clause only applies if this Contract is for experimental, developmental, or research work and Seller is other than a small business firm or nonprofit organization.
- 52.227-14 Rights in Data General (JUN 1987). This clause applies only if data will be produced, furnished or acquired under this contract.

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- 52.230-6 Administration of Cost Accounting Standards (NOV 1999). Add "Buyer and the" before "Contracting Officer in paragraph (f). This provision applies if Clause H001, H002 or H004 is included in Buyer's contract.
- 52.242-15 Stop Work Order (AUG 1989). Change "90 days" and "30 days" to "100 days" and "20 days" respectively. The terms "Contracting Officer" and "Government" shall mean Buyer.
- 52.244-5 Competition in Subcontracting (DEC 1996)
- 52.244-6 Subcontracts for Commercial Items (DEC 2004)
- 52.245-2 Government Property (Fixed Price Contracts) (MAY 2004). This clause is not applicable if this contract incorporates Form GP4. "Government" shall mean Government throughout except the first time it appears in paragraph (f) when "Government" shall mean the Government or the Buyer.
- 52.247-63 Preference for U.S.-Flag Air Carriers (JUN 2003). This clause only applies if this contract involves international air transportation.
- 52.247-64 Preference for Privately-Owned U.S. Flag Commercial Vessels (APR 2003), Alternate I (APR 2003). In paragraph (C)(2) "20" and "30" are changed to 10 and 20 respectively.
- 2. DoD Contracts. The following contract clauses are incorporated by reference from the Department of Defense Federal Acquisition Regulation Supplement and apply to the extent indicated. In all of the following clauses, "Contractor" and "Offeror" mean Seller except as otherwise noted. Unless otherwise provided, the clauses are those in effect as of the date of this contract.
 - 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense-Contract Related Felonies (excluding paragraph (g)) (DEC 2004). This clause applies only if this contract exceeds \$100,000 and does not apply to the purchase of commercial items or commercial components. "Contractor" and "contract" are not changed in paragraphs (a) and (b). In paragraph (e), "Government" shall mean Government or Buyer. In paragraph (f), "through the Buyer" is inserted after "Contracting Officer". Paragraph (g) is deleted and "Contracting Officer" shall mean Contracting Officer.
 - 252.209-7000 Acquisition From Subcontractors Subject to On-site Inspection Under the Intermediate-Range Nuclear Forces Treaty (NOV 1995). This clause applies only if this contract exceeds \$100,000 and does not apply to the purchase of commercial items or commercial components.
 - 252.223-7001 Hazard Warning Labels (DEC 1991). This clause applies only if Seller delivers hazardous material under this contract.
 - 252.227-7013 Rights in Technical Data Noncommercial Items (NOV 1995). This clause applies only if the delivery of data is required for noncommercial items under this contract.
 - 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (JUN 1995). This clause applies only if the delivery of noncommercial computer software or noncommercial computer documentation may be originated, developed or delivered under this contract.
 - 252.227-7015 Technical Data Commercial Items (NOV 1995). This clause applies only if the delivery of data is required for commercial items under this contract.
 - 252.227-7016 Rights in Bid or Proposal Information (JUN 1995).
 - 252.227-7018 Rights in Noncommercial Technical Data and Computer Software Small Business Innovation Research (SBIR) Program (JUN 1995). This clause applies only if the delivery of noncommercial technical data or computer software to the Government is required under Buyer's prime contract.

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252.227-7027 Deferred Ordering of Technical Data or Computer Software (APR 1988). This clause applies only if technical data or computer software may be generated as part of the performance of this contract.

- 252.227-7037 Validation of Restrictive Markings on Technical Data (SEP 1999). This clause applies only if the delivery of data is required by this contract.
- 3. If goods or services being procured under this contract are for commercial items and Clause H203 is set forth in the purchase order, the foregoing Government clauses in Sections 1 and 2 above are deleted and the following FAR/DFARS clauses are inserted in lieu thereof:
 - 52.219-8 Utilization of Small Business Concerns (OCT 2000). Include in all subcontracts that offer further subcontracting opportunities. If a subcontract (except subcontracts to small business concerns) exceeds \$500,000 (\$1,000,000 for construction of any public facility), Seller and any lower tier subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.
 - 52.222-26 Equal Opportunity (subparagraph (b)(1) through (11)) (APR 2002).
 - 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans (Dec 2001). This clause applies only if this contract exceeds \$25,000.
 - 52.222-36 Affirmative Action for Handicapped Workers (JUN 1998). This clause applies only if this contract exceeds \$10,000.

4. Cost Accounting Standards

- (1) (Applicable if this contract incorporates clause H001). The version of FAR 52.230-2, Cost Accounting Standards, incorporated by clause H001 is the version dated April 1998.
- (2) (Applicable if this contract incorporates clause H002). The version of FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, incorporated by clause H002 is the version dated April 1998
- (3) (Applicable if this contract incorporates clause H003). The version of FAR 52.230-4, Consistency in Cost Accounting Practices, incorporated by clause H003 is the version dated August 1992
- (4) (Applicable if this contract incorporates clause H004). The version of FAR 52.230-5, Cost Accounting Standards Educational Institution, incorporated by clause H004 is the version dated April 1998
- 5. The following prime contract special provisions apply to this purchase order:

A. NON-PUBLICITY

It is a material condition of this Purchase Order that the Seller shall not use or allow to be used any aspect of this Purchase Order for publicity or advertisement purposes. It is further understood that this obligation shall not expire upon completion or termination of this Purchase Order, but will continue indefinitely. The Seller may request a waiver or release from the foregoing, but shall not deviate therefrom unless authorized to do so in writing by the Buyer.

B. DISCLOSURE OF FOREIGN INTEREST IN UNITED STATES DOMESTIC CONCERN (1) It is a material condition of this Purchase Order that the Seller shall promptly disclose to the Buyer any information pertaining to any interest of a foreign ownership, control, or influence

nature in the Seller that has developed at any time during this Purchase Order's duration or has

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come to the Buyer's attention subsequent to execution of this Purchase Order.

- (2) The Seller shall, in any case in which it believes that foreign influence exists or is being sought to be obtained over its affairs, or the affairs of a Seller, promptly notify the Buyer of all the pertinent facts, even is such influence is not exerted to the degree specified in paragraph (5).
- (3) For United States domestic suppliers, it is a material condition of this Purchase Order that the Seller shall remain free from foreign ownership, control, or influence as herein defined in paragraph (5). The Seller hereby agrees that acquisition of such interest may be a basis for termination of this Purchase Order. If such a condition is created through no act or omission of the Seller, the termination shall be for the convenience of the Buyer. However, if the acquisition of such interest has been brought about by an act or omission on the part of the Seller, such shall be deemed to be an act of default and the remedies of the parties determined accordingly.
- (4) Breach of any of the warranties, agreements and undertakings of this clause may be regarded as a material breach of the Purchase Order, and no implied or express waiver of this clause may be created by any action or inaction on the part of the Buyer, unless such is expressly provided in writing.
- (5) Definitions: For the purposes of this clause, the following definitions shall be deemed conclusive, unless provided otherwise therein.
 - (a) "foreign" -- in the case of a natural person, one who is a citizen of any country other than the United States. In the case of any other entity, one whose principal source of income, or actual control, is in or exerted from any country other than the United States.
 - (b) "interest" -- beneficial or legal ownership by a single foreign interest of 5 percent or more of the organization's securities or ownership by multiple foreign owners equaling 25 percent, or beneficial or legal foreign ownership of any debt or debt security of the Seller by one or more foreign persons or entities, or beneficial or legal foreign ownership of any debt or debt security of the Seller whose owner or possessor is entitled to any right of inspection of the Seller's books or to exercise any control or limitation over the Seller's business.
 - (c) "control" -- membership on the board of directors or as an officer of the Seller of any foreign citizen, or of any other person who represents in any capacity any foreign entity.

C. TIMELY NOTICE OF LITIGATION

- (1) The Seller hereby agrees to immediately give notice to the Buyer of any anticipated or current litigation involving or in any way relating to this contract or pertinent subcontracts. Said notice shall include all relevant information with respect thereto.
- (2) The Seller agrees to insert this requirement in any lower-tier subcontract under this Purchase Order. In the event of litigation, the Seller shall immediately notify the Seller of all relevant information with respect to such litigation.

E. PROPERTY IN POSSESSION OF SELLER

- (1) Unless stated otherwise in this purchase order, all Buyer-furnished property (including material) is Government-owned.
- (2) All property (including material) delivered under this Purchase Order will be Government-owned upon acceptance by BSS, delivery to BSS, or reimbursement of seller's cost of the property by BSS, whichever comes first.

F. ORGANIZATIONAL CONFLICT OF INTEREST: GENERAL

- (1) The Seller warrants that, to the best of its knowledge and belief, there are no relevant facts that could give rise to Organizational Conflicts of Interest, as defined in FAR 9.501. Or, alternatively, the Seller warrants that it has disclosed all relevant information regarding any actual or potential organizational conflict of interest.
- (2) The Seller agrees that if an organizational conflict of interest with respect to this Purchase Order is discovered during its performance, an immediate and full disclosure in writing shall be made to the Buyer. Such notification shall include a description of the action which the Seller has taken or proposes to take to avoid, neutralize or mitigate such conflicts. The Seller shall continue performance until notified by the Buyer of any contrary actions to be taken. The Buyer may, however, terminate the Purchase Order for its convenience if it deems such termination to be in

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the best interest of the Government.

- (3) If the Seller was aware of an organizational conflict of interest before award of this Purchase Order and did not fully disclose the conflict to the Buyer, the Buyer may terminate the Purchase Order for default.
- (4) The Seller shall insert a clause containing all the terms and conditions of this clause in all lowertier subcontracts for work to be performed similar to the services provided by the Seller, and the terms "Purchase Order," "Seller," and "Buyer" modified appropriately to preserve the Government's rights.
- (5) Before a Purchase Order modification is made that adds new work or significantly increases the period of performance, the Seller shall agree to submit either an organizational conflict of interest disclosure or representation or an update of a previously submitted disclosure or representation, if requested by the Buyer.
- (6) Seller further agrees that Government may periodically review Seller's compliance with these provisions or require such self-assessments or additional certifications as Government deems appropriate.

G. INTENTION TO USE CONSULTANTS

- (1) The Government intends to utilize the services of non-government engineering organizations in technical, advisory and consulting roles for overall technical review of the activities covered by this Purchase Order. Although the consultants shall not have the right of technical direction, they shall from time to time and on a frequent basis attend technical reviews, participate in technical interchange meetings, observe national processing, witness fabrication and assembly, and monitor testing within the Buyer's and Seller's facilities. Such consultants will be involved in providing advice to the Government concerning viability of technical approaches, utilization of acceptable procedures, value and results of tests, and the like. The consultants will thus require access to program-related Seller facilities and documentation. Seller proprietary data shall not be made available to consultants unless and until a protection agreement has been generated between the consultant and the Seller and evidence of such agreement made available to the Government. Seller proprietary cost and accounting will not be available to consultant organizations.
- (2) It is expressly understood that the operations of this clause will not be the basis for an equitable adjustment.

H. SELLER'S COMPLIANCE WITH ENVIRONMENTAL, OCCUPATIONAL SAFETY AND HEALTH, AND SYSTEM SAFETY REQUIREMENTS (OCT 1997)

- (1) In performing work under this Purchase Order, the Seller shall comply with:
 - (a) All applicable Federal, State, and local environmental, occupational safety and health, and system safety laws, regulations, policies and procedures in effect as of the date the Purchase Order is executed;
 - (b) Any regulations, policies and procedures in effect at any Government facility where work will be performed;
 - (c) Any Purchase Order specific requirements; and
 - (d) Any Buyer direction.
- (2) Conflicting Requirements. The Seller shall provide written notification to the Buyer of any conflicts in requirements. The notification will describe the conflicting requirements and their source; provide an estimate of any impact to the Purchase Order's cost, schedule, and any other terms and conditions; and provide a recommended solution. The notification will also identify any external organizations that the Buyer or the Seller may have to coordinate with in order to implement the solution. The Buyer will review the notification and provide written direction. Until the Buyer issues that direction, the Seller will continue performance of the Purchase Order, to the extent practicable, giving precedence in the following order to requirements that originate from:
 - (a) Federal, state, and local laws, regulations, policies and procedures;
 - (b) Government facility regulations, policies and procedures; and
 - (c) Purchase Order specific direction:
- (3) Material Condition of Purchase Order. Environmental, occupational safety and health, and system

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safety requirements are a material condition of this. Failure of the Seller to maintain and administer an environmental and safety program that is compliant with the requirements of this Purchase Order shall constitute grounds for termination for default.

(4) The Seller shall include this clause in all its lower-tier subcontracts.

I. INSURANCE

The following kinds and minimum amounts of insurance are applicable in the performance of the work under this Purchase Order.

- (1) WORKMEN'S COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. The Seller shall comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupational diseases are not compensable under those statutes, they shall be covered under the employer's liability section of the insurance policy, except when contract operations are so commingled with Seller commercial operations that it would not be practical to require this coverage. Employer liability coverage of at least \$100,000 is required, except in States with exclusive or monopolistic funds that do not permit workers compensation to be written by private carriers.
- (2) GENERAL LIABILITY INSURANCE. Bodily injury liability insurance coverage written on the comprehensive form of policy of at least \$500,000 per occurrence is required.
- (3) AUTOMOBILE LIABILITY INSURANCE. Automobile liability insurance written on the comprehensive form of policy is required. The policy shall provide for bodily injury and property damage liability covering the operation of all automobiles used in connection with performing the Purchase Order. Policies covering automobiles operated in the United States shall provide coverage of at least \$200,000 per person and \$500,000 per occurrence for bodily injury and \$20,000 per occurrence for property damage. The amount of liability coverage on other policies shall be commensurate with any legal requirements of the locality and sufficient to meet normal and customary claims.
- (4) AIRCRAFT PUBLIC AND PASSENGER LIABILITY INSURANCE. When aircraft are used in connection with performing the Purchase Order, aircraft public and passenger liability insurance coverage shall be at least \$200,000 per person and \$500,000 per occurrence for bodily injury, other than passenger liability, and \$200,000 per occurrence for property damage. Coverage for passenger liability bodily injury shall be at least \$200,000 multiplied by the number of seats or passengers, whichever is greater.

J. APPROVAL TO ACQUIRE ADPE

- (1) General Requirement. Buyer approval is required prior to the purchase or lease of automatic data processing equipment (ADPE) when the cost for such a transaction is directly charged to this Purchase Order.
- (2) Approval process. The approval process shall be the same as prescribed for subcontract consent under the applicable "Subcontract" clause of the Purchase Order.
- (3) Leasing. Prior to leasing ADPE, the Seller shall also provide the Buyer with a lease vs. buy analysis that demonstrates the cost to lease the equipment, during its anticipated useful life, will be less than the cost to purchase the equipment.

K. AUTHORITY AND DESIGNATION OF A CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR)

(1) Authority. Performance of this Purchase Order is subject to the technical guidance, supervision and approval of the Buyer's Authorized Representative (BAR) or a designated Buyer's Technical representative (BTR). As used herein, "technical guidance" is restricted to scientific, engineering or other technical field-of-discipline matters directly related to the work to be performed. Such guidance may be provided for the purposes of filling in details, clarifying, interpreting or otherwise serving to accomplish the technical objectives and requirements of the Purchase Order. In addition, and unless specified elsewhere in this Purchase Order, the authority of the designated BTR is specifically limited to the technical administration of this Purchase Order and the inspection of supplies being produced, services being provided or work being performed to assess compliance with the scope, estimated cost (if Cost-Reimbursement), schedule and technical

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requirements of the Purchase Order.

(2) Designation. Designation of a BTR will be accomplished by issuance of a letter signed by the BAR. One copy of the letter, with reference to this clause, will be provided to the Seller.

(3) Notification. The BAR is the only representative of the Buyer authorized to negotiate, enter into, modify or take any other action with respect to Purchase Orders. Therefore, no other employee or other representative has the authority to initiate a course of action which may alter the terms or conditions of this Purchase Order. All revisions to specifications, requirements or informal commitments which may involve a change in either the total cost/price, scope, delivery schedule or legal aspects of this contract must be accomplished by change order or supplemental agreement, to be negotiated and signed by the BAR. Should any action by personnel (other than the BAR) which implies a commitment on the part of the Buyer which would effect the terms of this Purchase Order, the Seller must notify the BAR and obtain approval prior to proceeding. Otherwise, the Seller proceeds at its own risk.