

EXHIBIT A

GENERAL CONDITIONS FOR CONSTRUCTION

GC-1 DEFINITIONS

The following terms shall have the meanings as defined below:

- A. "Contractor" means Herman Construction Group, Inc. (HCG).
- B. "Subcontractor" means the Party listed on subcontract cover page.
- C. The term "Parties" as used herein means Contractor and Subcontractor.
- D. The terms "Subcontract" and "Agreement" mean this Subcontract Form of Agreement and all documents contained herein, including any amendments or modifications as executed by the Parties.
- E. The term "Client", "Customer", "Government", and/or "Owner" means the organization with whom Contractor has entered into a contract ("Prime Contract") and for whose benefit the Work under this Subcontract is performed.
- F. The term "approval(s)" shall in all cases mean written approval.
- G. The term "days" shall denote calendar days unless otherwise specified.
- H. The term "FAR" as used herein means the Federal Acquisition Regulations as printed in Chapter 1 of Title 48 of the Code of Federal Regulations.
- I. The term "Employee" includes any employee of Subcontractor, and any employee of any lower- tier subcontractor, who will perform any Work under this Subcontract. Unless otherwise qualified, the term includes all such employees, regardless of the position held, including partners and individuals doing business as a firm.
- J. The term "Contractor's Contractual Representative" means designated employee(s) of Contractor who have authority to act for and on behalf of Contractor.
- K. "Government" means the United States of America.
- L. The terms "Jobsite," "Site," "Place of Performance" and "Work Area" as used herein mean the location(s) where the Work-related activities and operations will be performed under this Subcontract.
- M. "Subcontract Change" shall mean any change in the Subcontract Work including a change in the period of performance, contract value, drawings, specifications, or technical requirements of the Subcontract and/or a change in the Schedule of Work affecting the performance of the Subcontract.
- N. "Change Notices/Orders and modifications" shall mean a written instrument prepared by the Contractor and signed by the Subcontractor stating their agreement upon the change in the scope of the Subcontract Work, adjustment in the Subcontract price, and/or Subcontract time.
- O. "Claim" shall mean a written demand or assertion made in writing by the Subcontractor seeking an adjustment in the Subcontract price and/or Subcontract time, an adjustment or interpretation of the Subcontract terms, or other relief arising under or relating to this Subcontract, including the resolution of any matters in dispute between the Contractor and Subcontractor in connection with this Subcontract.
- P. The term "lower-tier subcontracts" as used herein means any contractual agreement entered into by Subcontractor, the purpose of which is to provide goods or services that are required to fulfill the obligations under this Subcontract.
- Q. The terms "Work" and "Services" mean all duties and responsibilities to be performed by Subcontractor as specified, stated, indicated, or implied by this Subcontract, including the furnishing and supervision of all technical personnel and labor and the supply of equipment, materials, and supplies necessary to perform this Subcontract.

GC-2 ENTIRE AGREEMENT

This Subcontract is solely for the benefit of the signatories hereto. This Subcontract embodies the entire agreement between the Parties regarding the subject matter hereof. The Subcontractor, by signing this Subcontract, delivering the supplies, or performing the Work specified herein agrees to comply with all the terms and conditions and all specifications and other documents that this Subcontract incorporates by reference or attachment. The Parties shall not be bound by or liable for any statement, representation, promise, or understanding not set forth herein. Nothing contained in proposals, correspondence, discussions, or negotiations prior to the date of this Agreement has any effect on this Agreement unless specifically incorporated herein. No changes, amendments, or modifications of any of the terms and conditions hereof shall be valid unless reduced to writing and signed by the Contractual Representatives listed at GC-7.

GC-3 ORDER OF PRECEDENCE

All Subcontract documents listed below ("Subcontract Documents") and subsequently issued Change Notices/Orders and Modifications are essential parts of this Subcontract, and a requirement occurring in one is binding as though occurring in all. Any inconsistency or ambiguity in the interpretation and performance of this Subcontract shall be resolved by giving precedence in the following order:

1. Subcontract Form of Agreement (including, but not limited to, Change Notices/Orders and Modifications)
2. Special Conditions (Exhibit B)
3. General Conditions (Exhibit A)
4. Scope of Work (Exhibit C)
5. Subcontract Attachments (including, but not limited to, the Prime Contract Flowdown requirements at Attachment 1).

GC-4 HEADINGS

The captions in this Subcontract are for convenience only and shall not define or limit any of the terms herein.

GC-5 SEVERABILITY AND INTERPRETATION

In the event that any provision of this Agreement shall be held to be invalid or unenforceable, the remainder of the Agreement shall not be affected thereby, and the Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

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Should inconsistencies or omissions appear in the Subcontract Documents, it shall be the duty of the Subcontractor to so notify the Contractor in writing within three (3) business days of the Subcontractor's discovery thereof. Upon receipt of said notice, the Contractor shall instruct the Subcontractor as to the measures to be taken and the Subcontractor shall comply with the Contractor's instructions. If the Subcontractor performs work knowing it to be contrary to any applicable laws, statutes, ordinances, building codes, rules, or regulations without written approval of Contractor, Subcontractor shall assume full responsibility for such work and shall bear all associated costs, charges, fees, and expenses necessarily incurred to remedy any violation. Each party acknowledges that it has had a fair and reasonable opportunity to review this Subcontract, which shall be construed as though drafted by both Parties.

GC-6 WAIVER

The failure of either Party to insist upon strict performance of any of the terms and conditions herein, or to exercise any rights or remedies, shall not constitute a waiver of its rights hereunder.

GC-7 CONTRACTUAL REPRESENTATIVES/Written NOTICE

The following personnel are authorized Contractual Representatives of Contractor and Subcontractor and their addresses given below shall be the addresses for all notices and correspondence in all matters dealing with this Subcontract. Except as otherwise expressly provided herein, all written notices required to be delivered by the Parties pursuant hereto shall be deemed so delivered at the time delivered by hand, by a nationally recognized overnight courier service, or by electronic system and read receipt proof of delivery, three (3) business days after placement in the U.S. Mail, or by registered or certified mail, return receipt requested.

(Contractor)

Herman Construction Group, Inc.
Attn: Valerie Widgren
1006 Floyd Culler Court
Oak Ridge, TN 37830
E-mail: vwidgren@ses-grp.com

(Subcontractor)

E-mail: _____

GC-8 SMALL BUSINESS QUALIFICATION AND REPRESENTATION

By initialing below, Subcontractor represents it is qualified and/or certified in accordance with applicable regulations, as the following type(s) of business:

- _____ 8(a) Small Disadvantaged Business
- _____ Other Small Disadvantaged Business
- _____ Woman-Owned Small Business
- _____ Service-Disabled Veteran-Owned Small Business
- _____ Veteran-Owned Small Business
- _____ HUBZone Small Business
- _____ Other Small Business
- _____ Minority Owned Small Business
- _____ Large Business
- _____ Sole Proprietor

If Subcontractor is uncertain of which business type applies, see the CFR Title 13, subparts 121.410 and 121.411. See <http://www.sba.gov/size> as well as FAR 19.7 or 52.219-8 for further guidance.

GC-9 INDEPENDENT CONTRACTOR

Subcontractor is an independent contractor and shall be wholly responsible for the methods of its performance. Subcontractor has complete and sole responsibility for its employees, agents, lower-tier consultants, vendors, or any other persons or entities that Subcontractor hires or retains to perform or assist in performing the Services. Subcontractor is solely responsible for (A) payment of wages, benefits, and other compensation to or for its employees, (B) payment of applicable payroll, unemployment, withholding of applicable social security (FTCA) and income taxes with respect to its employees, and other taxes associated with the rendering of the Services, and (C) compliance with applicable Workers' Compensation laws with respect to maintenance of Workers' Compensation and Employer's Liability Insurance coverages. Subcontractor is fully responsible for satisfactory completion of any and all subcontracted Services. Subcontractor agrees to defend Contractor against any claim or assertion of an employer-employee relationship between Contractor and Subcontractor's workers, and to indemnify and hold Contractor harmless against any expense or liability imposed upon Contractor by reason of a finding of such an employer-employee relationship.

GC-10 ASSIGNMENT

Subcontractor shall not assign or transfer all or any portion of this Subcontract or any of its obligations hereunder without Contractor's prior written permission, which shall not be unreasonably withheld. Any assignment or transfer without such written consent shall be void. If Contractor grants permission to assign, this Subcontract, including all covenants, stipulations and promises shall be binding upon all respective successors and assigns.

Subcontractor may assign rights to be paid amounts due to a financing institution if Contractor is promptly furnished a written notice and a signed copy of such assignment. Payments to assignee shall be subject to set off or recoupment for any present or future claims of Contractor against Subcontractor.

GC-11 OWNERSHIP OF DOCUMENTS AND DATA

Upon final payment to Subcontractor, unless otherwise specifically stated herein, Contractor and its Client own the property rights, except for copyrights, of all documents, electronic data, drawings, specifications, and information prepared, provided, or procured by Subcontractor and distributed to Contractor as part of Subcontractor's Services under this Agreement. Contractor and its Client shall have the right to use, reproduce, and make derivative works of these documents. Any such reuse or modification of Work Product without written verification or adaptation by Subcontractor for the specific purpose intended will be at Contractor's sole risk and without

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liability or legal exposure to Subcontractor. If this Agreement is terminated prior to completion of the Work, Contractor and their Client own the property rights of all such documents and data supplied and paid for prior to termination.

GC-12 INVENTIONS, TRADEMARKS, PATENT APPLICATION, COPYRIGHT REGISTRATION

Unless otherwise provided, any and all works-in-progress and completed deliverables ("Intellectual Property") developed or modified in the performance of Work under this Subcontract shall remain the sole property of Contractor and Client.

Works-in-progress include all partially completed deliverables, associated work papers, narrative descriptions, reports, data, and any other materials of a similar nature which are necessary or desirable for the completion of the Work.

Upon request, Subcontractor shall execute and deliver all instruments and documents, and take other necessary actions to document the assignment, transfer and conveyance of such Intellectual Property as set forth above, to enable Contractor and its Client to obtain and enforce such patent, trademark, copyright or other similar protection for such Intellectual Property.

Notwithstanding the above, any pre-existing materials incorporated into the Work and Work Product shall be and will remain the property of Subcontractor. Subcontractor agrees and hereby grants to Contractor and its Client a perpetual, irrevocable, royalty-free, nonexclusive, worldwide license, with the rights to sublicense, use, reproduce, display, transmit, market, sell, modify, enhance and create derivative works of such materials for the purposes covered by this Subcontract. The term "pre-existing materials" shall mean all tangible items and materials conceived, developed and reduced to practice prior to or wholly independent of Subcontractor's performance of any Work hereunder.

GC-13 TIME FOR PERFORMANCE

(a) Time is of the essence. To ensure timely performance, Subcontractor agrees to do **all** of the following:

1. Keep itself thoroughly informed as to the overall progress of the Project;
2. Commence and perform the Work in a prompt and diligent manner whenever such Work, or any part of it, becomes available, or at such time or times as the Contractor may direct;
3. Take reasonable steps to promote the general progress of the entire construction project; and
4. Avoid interfering with or hindering, by delay or otherwise, the work or progress of the Contractor or any other subcontractor.

(b) Any materials, services, supplies, tools, machines, equipment or plant to be furnished or used by Subcontractor for the Project shall be furnished in sufficient time to enable the Subcontractor and/or any other party to perform and complete their work within the time or times established by the project schedule. Upon Contractor's request, Subcontractor shall furnish such evidence as the Contractor may require relating to Subcontractor's ability to fully perform this Subcontract in the manner and within the time established by the project schedule.

(c) From time to time, the Contractor will provide Subcontractor with the project schedule, routine updates to the project schedule, directives, notifications, or orders dealing with the time or times of Subcontractor's performance. The Contractor will send project schedules and other time-related documents to Subcontractor at the mailing address or email address Subcontractor provides in paragraph GC-7 above. Subcontractor agrees to carefully review the project schedule, each subsequent update, and any directives, notifications, or orders issued by Contractor. Subcontractor further agrees to notify the Contractor in writing of its objection to or inability to comply with the project schedule, any updated schedule, directive, notification, or order dealing with the time or times of its performance within seventy-two (72) hours of receipt. Unless the Subcontractor provides written notice of objection within seventy-two (72) hours of receipt, the Subcontractor agrees that the project schedule, any schedule update, order, notice, or directive issued by Contractor dealing with the time or times of its performance shall be incorporated into this Agreement by reference. The Parties agree that the time or times of performance shall be governed by the communication bearing the most recent date. Specific requirements as to time of performance set forth in the Subcontract Documents or subsequent additions thereto, in the project schedule or subsequent updates thereto, in directives, notifications, or orders issued by Contractor, shall take precedence over general requirements. All Work required to be performed under this Subcontract shall be performed in accordance with such specific requirements. Subcontractor's obligations for timely performance of its Work shall be based on the planned activity durations in the project schedule once Subcontractor's work has commenced, and not necessarily on the overall start and finish dates for Subcontractor's work set forth in the initial Project schedule.

(d) If any portion of the Subcontractor's Work has been performed prior to this Agreement being fully executed, all of Subcontractor's Work shall be governed by the Terms and Conditions of the Subcontract.

GC-14 COOPERATION WITH OTHERS

Contractor reserves the right to require Subcontractor to schedule the order of performance of the Work in such a manner as will minimize interference with work of any of the parties involved. Subcontractor shall fully cooperate with Contractor and others engaged in the work on the project and shall not interfere with the performance of such work and shall coordinate its Work with the work of Contractor, other subcontractors, Owner and its agents or inspectors, and utility companies or others that may be working in the area, so that the work of the entire project may be performed with the utmost speed consistent with good practice.

GC-15 DELAYS

Excusable Delays: In accordance with FAR 52.249-14, if Subcontractor's performance of this Subcontract is prevented or delayed by any unforeseeable cause which is beyond the reasonable control of the Parties and without the fault or negligence of Subcontractor, Subcontractor shall, within twenty-four (24) hours of the commencement of any such delay, give to Contractor written notice thereof and a written description of the anticipated impact of the delay on performance of the Work. Delays attributable to and within the control of Subcontractor's suppliers or subcontractors of any tier shall be deemed delays within the control of Subcontractor. Within seven (7) days after the termination of any excusable delay, Subcontractor shall provide written notice to Contractor specifying the actual impact of the delay. Failure to give any of the above notices shall be sufficient grounds for denial of an extension of time. If Contractor determines that the delay was unforeseeable, beyond the control and without the fault or negligence of Subcontractor, Contractor may issue a written Modification. Such Modification shall be the sole remedy for the delay.

Non-Excusable Delays:

(a) In the event of Subcontractor's failure to complete its work within the required time or upon the dates established by the project schedule, any subsequent update to the project schedule, or any directive, notification or order issued by Contractor in accordance with Article GC-13 above, Subcontractor hereby agrees to reimburse the Contractor for any and all liquidated damages that are

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assessed against and collected from the Contractor by the Owner, which are attributable to or caused by the Subcontractor's failure to comply fully with the foregoing provisions. Whether or not liquidated damages are so assessed by the Owner, Subcontractor hereby agrees to pay the Contractor such other or actual damages as the Contractor may sustain by reason of any such delay attributable to or caused by the Subcontractor including, but not limited to, recovery of Contractor's overhead and expense caused by or attributable to managing and supervising the Project during or equal to any period of time resulting from such delay, and Subcontractor further agrees that neither the payment to such damages, nor any liability incurred for the payment of such damages, shall release the Subcontractor from its obligation to otherwise fully perform under this Subcontract.

(b) No allowance for an extension of time, for any cause whatever, shall be claimed or made by the Subcontractor unless the Subcontractor shall have made a written request upon the Contractor for such extension within seventy-two (72) hours after the cause for such extension first occurred, and unless the Contractor and Subcontractor have agreed in writing upon the allowance of additional time. No extension of time granted Contractor by Owner shall benefit the Subcontractor unless such extension of time is directly related to Subcontractor's work hereunder.

(c) In no event shall an extension of time or allowance for extra time be granted to Subcontractor for delays attributable to the following:

1. Untimely or incorrect preparation and/or submission of shop drawings, samples, product data, or any other submittal information required by the Contract Documents;
2. Failure to place orders with manufacturers or suppliers in a timely manner;
3. Delays resulting from Subcontractor's substitution, or attempt to make substitution, of materials, equipment or methods of construction or manufacture in lieu of those specified or previously approved;
4. Any delay resulting from or attributable to Subcontractor's failure to comply with any of the provisions of this Subcontract.

GC-16 INSPECTION OF WORK AND RECORDS

Subcontractor shall maintain accounting records relating to its performance of the Work hereunder and shall make such records available to Contractor at all reasonable times during the period of performance and five (5) years after the completion of the Work, or until Contractor closes out the Prime Contract with the Client, whichever is later.

Contractor and Contractor's Client have the right to inspect and test all services and supplies called for by this Subcontract at all places and times and in any event before acceptance. If Contractor specifies an inspection system elsewhere in this Subcontract, Subcontractor shall provide and maintain such inspection system covering services and supplies under this Subcontract and shall provide only services and supplies that have been found to conform to the requirements of this Subcontract. Complete records of all inspections shall be maintained and made available to Contractor during performance and for as long as this Subcontract requires. Contractor shall perform inspections and tests in a manner that will not delay the Work. Contractor assumes no contractual obligation to perform any inspection or test for the Subcontractor's benefit unless specifically set forth elsewhere in this Subcontract. Contractor's failure to inspect the service or supplies shall not relieve the Subcontractor from responsibility, nor impose liability on Contractor, for nonconformity. If Contractor performs inspection or test on the premises of Subcontractor or a lower-tier subcontractor, Subcontractor shall cause to be furnished, without additional charge, all reasonable facilities and assistance for the safe and convenient performance of these duties.

Contractor may reject or require the correction of any nonconformity. If Subcontractor is not ready for inspection at the time specified by Subcontractor, or if prior rejection makes inspection or retest necessary, Contractor may charge Subcontractor the additional cost of inspection or test. Subcontractor shall not tender for acceptance corrected or rejected services or supplies without disclosing the former rejection or requirement for correction and shall disclose the corrective action taken.

Contractor, in addition to any other rights or remedies provided by law or under other provisions of this Subcontract, may require Subcontractor, at no increase in Subcontract price, to (1) re-perform the nonconforming services and correct or replace the nonconforming supplies or (2) reduce the Subcontract price to reflect the reduced value of Subcontractor's performance. When supplies are returned, Subcontractor shall bear the transportation cost. If within three (3) days of Contractor's written notice, Subcontractor fails to re-perform or replace, as required, Contractor has the right by contract or otherwise to perform the services, replace or correct such supplies, and charge the Subcontractor the cost incurred by Contractor and/or terminate this Subcontract for default under Article GC-31 TERMINATION.

GC-17 CONSIDERATION AND COMPENSATION

In full consideration of Subcontractor's satisfactory performance of the Work, Contractor agrees to pay Subcontractor in accordance with the terms established in this Agreement subject to any limitations or conditions contained herein.

Unless amended in writing and signed by the Parties, Contractor is not obligated to pay any amount in excess of the stated Compensation.

Unless expressly stated, the Compensation agreed upon herein includes all sales and use taxes, franchise, excise, and other taxes and governmental impositions of all kinds, and is not subject to an addition for any such taxes or impositions assessed.

GC-18 INVOICING

a) Subcontractors' schedule of values will be prepared by the Contractor based on the approved master schedule with the Owner. Prior to your scheduled start date, a schedule of values will be sent to you for review and approval. Once accepted and approved, this schedule of values will be used for your monthly progress billing. This project is subject to automated billing. The Contractor will generate monthly progress invoices for the Subcontractor based on your approved schedule of values. The progress completed, billed, and approved by the Owner will be the progress billed on behalf of the Subcontractor. Pay requests are subject to revision based on the Owner's final review and approval of Contractor's pay request. If you have any concerns on your monthly progress, see the Project Manager prior to the 20th of the month. An approved progress invoice will be sent to Subcontractor prior to the 10th of the following month via fax or email. Releases and all payment requirements will be requested at this time. All progress releases must be dated through the last day of the month. Releases are required on a monthly basis from all Tiers and/or material suppliers, rental organizations, or any other person(s) who have contributed to this project on behalf of the Subcontractor. At 100% progress billing, original conditional or unconditional final releases are required from Subcontractor for all Tiers and suppliers; original final conditional release required for Subcontractor at 100% payment. Subcontractor will be contacted and instructed by the Project Accountant for payment compliance, per Billing Policies & Procedures (attachment included with subcontract transmittal).

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b) Lien Waiver and Release – (See Article GC-22) All required lien waiver/release forms (interim and/or final) must accompany the invoice. Payments will be withheld if properly executed lien waivers/release forms are not received with the invoice.

c) Lien Waiver and Release for Union Labor – Will your firm be utilizing union labor in the performance of the work?

YES NO If yes, a separate lien waiver/release from the fund manager is required for each invoice.

For all invoicing, payment and other accounting questions: const-accounting@ses-grp.com

GC-19 TAXES

Subcontractor shall, unless otherwise stated in this Subcontract pay all taxes, levies, duties, and assessments of every nature due in connection with the Work under this Subcontract and shall make any and all payroll deductions and withholdings required by law and hereby indemnifies and holds harmless Contractor and the Owner from any liability on account of any and all such taxes, levies, duties, assessments, and deductions.

Unless otherwise provided herein, the price of the supplies/services includes all taxes. The Parties will cooperate to provide information and certificates necessary for any tax exemption, when applicable.

GC-20 PAYMENT

(a) Provided Subcontractor's rate of progress and general performance are satisfactory to the Contractor, and provided the Subcontractor is in compliance with the Subcontract Documents, the Contractor will make progress payments to the Subcontractor as provided in the Contract Documents in an amount equal to 90% of the estimated value of work and materials incorporated in the construction and of materials delivered to the Project site and suitably stored by the Subcontractor, to the extent of Subcontractor's interest in the amounts allowed thereon and paid to Contractor by the Owner less the aggregate of previous payments. In the event payment is allowed by Owner for materials stored off-site, such materials shall be stored in a bonded warehouse covered by property and theft insurance which includes Contractor and Owner as additional insureds. Payment will be made by check mailed to the Subcontractor within seven (7) working days of receipt of collected funds paid to the Contractor by the Owner under the Contract. Unless otherwise required by law, final payment will be made within thirty (30) days after the work called for hereunder has been completed by the Subcontractor to the satisfaction of the Owner and the Contractor has received from the Owner written acceptance thereof together with payment in full for Subcontractor's portion of the work. Final payment is further subject to Contractor's determination that all of the terms, conditions, requirements and covenants of the Subcontract Documents have been well and truly met and discharged by Subcontractor. To the extent permitted by applicable law, receipt by Contractor of the corresponding payment from Owner is acknowledged and agreed by the Subcontractor to be an express condition precedent to the Subcontractor's right to receive payment from the Contractor. Subcontractor acknowledges that it is sharing in the risk that Owner may fail to make one or more payments to Contractor for all or a portion of the Subcontract Work, and further acknowledges that it is relying on the Owner's credit for payment.

(b) Final payment of the Subcontract and associated CLIN (Contract Line Item Number) sums, if any, will be withheld until the Subcontractor, when requested by the Contractor, executes and delivers to the Contractor a Final release discharging Contractor and Contractor's Client, their officers, agents, employees and assigns from all liability, obligation, and claims arising out of or under this Subcontract.

(c) Contractor may withhold payment due for, but not limited to, the following reasons:

1. Subcontractor's default, breach, or other failure to comply with any provision, covenant, or requirement of this Subcontract.
2. Delays in the Work and Contractor's reasonable belief that the unpaid balance would not be adequate to cover actual damages or potential liquidated damages for the anticipated delay or faulty work not corrected promptly.
3. Claims or liens filed against Subcontractor or evidence that a claim or lien will be filed. If such claims or liens are deemed to affect Contractor, Contractor's Client, or the Project, then Contractor is authorized to use whatever means deemed appropriate to cause such claims or liens to be removed or dismissed and the cost thereof, together with attorney's fees, shall be immediately due and payable by Subcontractor to Contractor.
4. Evidence that lower-tier subcontractors, suppliers, employees, or union-associated trust funds have not received payment. Contractor may, by direct check or otherwise, pay all lower-tier subcontractors, suppliers, employees, or trust funds who have not been paid the monies due them in connection with this Agreement, whether or not a bond, lien, or other claim has been filed, and Subcontractor will, to the extent that Contractor has not recovered such amounts, reimburse Contractor upon demand. Upon receipt of nonpayment information, Contractor will notify Subcontractor and Subcontractor shall have three (3) business days after receipt of notice to contradict such information, pay the balance due, or provide a satisfactory solution for payment. If one of these actions isn't taken within such time, Contractor may make payment and deduct the payment amount from Subcontractor's total compensation due under the Agreement. A unilateral modification will be issued reflecting the reduction.
5. Subcontractor's failure to provide Contractor with current proof of insurance as required herein. Contractor is required by its insurance carrier to obtain certificates of insurance from every subcontractor utilized. If Contractor fails to do so, its carrier charges it for the cost to obtain the required insurance. If Subcontractor fails to provide an insurance certificate reflecting the required coverages, or in the alternative, a waiver stating that it is not required to carry insurance by the law in the state that the Work is being performed, Contractor will obtain a quote from its own carrier as to the cost to obtain the necessary coverage and deduct that cost from the withheld payment. A copy of the quote will be included with the check. The deducted amount will only be paid to the Subcontractor if sufficient insurance is obtained prior to the completion of the project for which Subcontractor was performing work.
6. Failure to turn in badges obtained for the project, including any badges obtained for a sub-subcontractor or union worker.
7. Failure to submit certified payrolls as required by this Subcontract.
8. Failure to submit Interim and/or Final Lien Release and Waiver.
9. Failure to submit other required Subcontract Documents, including, but not limited to bonds, form SF1413, W9, As-Built Plans, warranties, guaranties, instruction manuals, spare parts, extra material, and other required documents. The listing of specific documents herein is not all-inclusive or limiting to any other documents not referenced.

(d) Notwithstanding the amounts and times of payments set forth above, the Contractor at any time may make advance payments to the Subcontractor if, in the Contractor's sole discretion, such advances will aid the Subcontractor in the performance of this

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Subcontract. Such advance payments may be made without notification to the surety on any bond furnished by or on behalf of Subcontractor, and the failure to give such notice will not deprive Contractor of any claim, right, or remedy under any such bond.

(e) Contractor reserves the right to make any payment to Subcontractor by check made payable to the joint order of Subcontractor and such of Subcontractor's workmen, materialmen, suppliers, subcontractors, or creditors having potential lien or bond claim rights against the Contractor, the Owner, or the Project.

(f) The Contractor may deduct from amounts due to the Subcontractor pursuant to this Subcontract, any amounts due or to become due to the Contractor from the Subcontractor whether or not said sums are in any way related to this Subcontract or Project. Contractor may apply such deducted funds to any account, related or unrelated to this Subcontract or Project, for which the Subcontractor has not discharged its obligations to the Contractor. To the maximum extent permitted by law, Contractor reserves its common law right of offset.

(g) Payments withheld from Subcontractor pursuant to the terms of this Subcontract may be in such amounts that the Contractor deems sufficient to protect and indemnify the Contractor, the Project, or the Owner from any and all loss, damage, or expense, including attorneys' fees and litigation costs, until the condition requiring such measures has been remedied by the Subcontractor to the satisfaction of the Contractor. If the offending condition is not remedied by the Subcontractor within a reasonable time, the Contractor may, at its option, proceed to make application of the withheld funds in whatever manner the Contractor may determine as being in the best interest of itself and/or the Owner. If the Contractor is compelled to expend monies in defending, discharging or otherwise disposing of any claim, lien, or other demand in excess of amounts retained or withheld from Subcontractor, the Subcontractor shall, upon demand, reimburse the Contractor for the excess amount so expended, including reasonable attorneys' fees and costs incurred by Contractor related to such defense, discharge or disposition.

(h) Notwithstanding anything to the contrary contained in or applicable to this Subcontract, and without any limitation as to time, Contractor shall not be obligated to make payments to Subcontractor under this Subcontract:

1. When Subcontractor is or with reasonable probability may become unable to comply with or completely perform this Subcontract;
2. Whenever the Contractor determines the Project is being delayed or is in danger of being delayed by the work of the Subcontractor or by any failure of the Subcontractor to timely comply with any of the technical, administrative, or operational requirements of the Subcontract Documents, including subsequent instructions or job schedules adopted by reference pursuant to the terms of this Subcontract;
3. Whenever Subcontractor's Work is pending satisfactory correction, repair, replacement, and/or restoration of faulty or deficient work, materials, supplies, machines, equipment or plant, or of any work rejected as not conforming with this Subcontract or the Subcontract Documents.

(i) The Subcontractor agrees and covenants that money received for the performance of this Subcontract shall be used first for the benefit of persons and firms supplying labor, materials, supplies, tools, machines, equipment, plant or services exclusively for this Project in connection with this Subcontract and having the right to assert liens or other claims against the land, improvements or funds involved in this Project or against any bond or other security posted by Contractor or Owner. All money paid to the Subcontractor pursuant to this Subcontract shall immediately become and constitute a trust fund for the benefit of said persons and firms and shall not in any instance be diverted by Subcontractor to any other purpose until relevant obligations arising from performance of the Work pursuant to this Project have been fully discharged and all claims fully paid. The Subcontractor agrees, as a condition precedent to each payment, to furnish the Contractor with such progress releases or final releases, as appropriate, that include full waivers of lien, bond or other claims.

(j) If at any time the Contractor shall determine that the Subcontractor's financial condition has become impaired, unstable or unsatisfactory, the Subcontractor shall furnish evidence of its financial ability to complete the Subcontract to the Contractor within seventy-two (72) hours after it receives written demand for such evidence from Contractor. If Subcontractor fails to timely submit such evidence satisfactory to Contractor, Contractor shall have the option to terminate this Subcontract or to initiate such other action as the Contractor may deem necessary for the protection or preservation of its interests and/or the prevention of delay in the efficient and orderly progress of work on the Project. In the event of such termination, the rights of the Parties shall be governed by the terms in Article GC-31 below. Contractor reserves the right to treat any termination pursuant to this Article as one for either default or convenience, depending upon the circumstances giving rise to Subcontractor's unsatisfactory financial condition.

(k) If at any time Contractor receives notification from the Owner or the US Department of Labor, or Contractor otherwise determines that Subcontractor has not complied with the requirements of the Davis Bacon Wage Act or any other applicable State or Federal labor laws, Contractor shall have no obligation to make any further progress payments to Subcontractor until any investigation into Subcontractor's potential violations is complete and any violations discovered are resolved to the Contractor's satisfaction.

(l) Progress payments or other payments, if any, do not constitute specific acceptance of Work. The only acceptance shall be a final acceptance of all work, including completion of all warranty periods. A condition precedent to Contractor's acceptance of Subcontractor's work is the Client's acceptance of the same work. Irrespective of any payments made, Contractor has the right to require a refund for defective work or defective invoicing, and no payment will be deemed to be a waiver of any rights and remedies Contractor is entitled to by operation of contract or law. Each progress payment and the final payment will be subject to final audit and adjustment, and the Subcontractor hereby agrees to reimburse the Contractor in the event of overpayment, together with any costs and expenses, including attorneys' fees, the Contractor may incur in securing recovery thereof.

GC-21 SUBCONTRACTOR CERTIFIED COST OR PRICING DATA

If applicable, Subcontractor Certified Cost or Pricing Data shall be in accordance with FAR 52.215-12.

GC-22 LIEN WAIVER AND RELEASE

Subcontractor shall submit a "Lien Waiver and Release" attached to hereto for the amount previously received by the Subcontractor and its lower tier subcontractors, vendors or suppliers, if any, utilized for the Work and must be signed by a duly authorized Company Representative. Interim waivers are required for each invoice for progress payments and a final lien waiver is required with the invoice for final payment. Payment shall not be made until the required lien waivers have been properly executed by the Subcontractor and all of its lower tier subcontractors (if any). Subcontractor's failure to obtain the Lien Waiver and Release from all lower tier subcontractors, vendors, and suppliers will constitute a waiver of any kind against Contractor and its sureties resulting from

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nonpayment to any lower tier subcontractor, vendor, or supplier not disclosed to Contractor. This Subcontract is for Construction and Interim Lien Waiver and Releases are required. Release and lien waivers must be submitted using the forms attached hereto. No other forms will be accepted. Electronic transmittals of the forms are acceptable; however, the sender is responsible for ensuring receipt and only legible copies will be accepted. All Lien Waiver and Release Forms must be submitted with Subcontractor's invoices. If Subcontractor will be using union labor in the performance of the Work, a Lien Waiver and Release is required from the fund manager for all payrolls invoiced.

GC-23 INSURANCE

(a) The Subcontractor shall procure and maintain insurance coverages as required by the Owner and/or Contractor at Subcontractor's sole expense and with insurance companies with a minimum A- rating by A.M. Best Company. Prior to moving on the site or starting the Subcontract Work, Subcontractor must submit a certificate of insurance naming Contractor as the certificate holder, reflecting its general liability, umbrella, workers' compensation, automobile, equipment, and professional coverages required on the Project. Subcontractor shall maintain such coverage throughout the period of performance of this Subcontract and all warranty periods applicable to the Work being performed by Subcontractor. In the event the Subcontractor fails to obtain insurance coverage required under this Subcontract, the Contractor may terminate this Subcontract for default.

(b) **ADDITIONAL INSURED.** Subcontractor shall, in addition to and without limitation of the requirements established herein, cause the insurance policies described herein to include Contractor, its parent, subsidiaries and affiliated companies or of any named working interest owners or joint ventures and all of their officers, directors and employees as additional insureds except for Workers' Compensation and Professional Liability coverages. The Subcontractor's insurance shall include contractual liability insurance covering the Subcontractor's obligations under this Subcontract and shall provide specific policy coverage to Subcontractor, Contractor and Owner for the generally insurable elements of the indemnity and hold harmless agreement contained in Article GC-27 **INDEMNITY.** All policies shall provide coverage on a primary basis.

(c) **REQUIRED LIMITS OF LIABILITY.** The general liability, umbrella, workers' compensation, automobile, equipment, and professional coverages, required, shall be written with limits of liability as listed at (j).

(d) **NUMBER OF POLICIES.** Comprehensive or Commercial General Liability Insurance and other liability insurance may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by an Excess or Umbrella Liability Policy.

(e) **WAIVER OF RIGHTS.** Subcontractor's insurance will be primary, and Contractor's and Owner's insurances will be secondary and non-contributing at all times. Subcontractor shall require all lower-tier subcontractors to maintain the required insurance for the duration of the Subcontract and to produce evidence of such insurance as may be reasonably requested by Contractor. Subcontractor agrees to waive any and all rights of subrogation which it or its insurers have or may have against Contractor or Owner and their agents, representatives, employees, officers, directors, sureties, and insurers for any loss, expense or damage to the extent covered by Subcontractor's insurance or any other property or equipment insurance, except such rights as they may have to the proceeds of such insurance; provided, however, that such waiver shall not extend to the acts or omissions of the Subcontractor's subcontractors, consultants, and the agents or employees of any of them.

(f) **LOWER TIERS.** Subcontractor shall be responsible for any liability arising directly or indirectly out of the work performed by each of its lower tier subcontractors that is not otherwise covered by such Subcontractor's insurance.

(g) **NOTICE.** Subcontractor must notify Contractor immediately in the event any insurance coverage required by this Subcontract has or will become ineffective for any reason. The notice shall provide the date(s) and identify the specific coverage(s) that has or will become ineffective and a certificate of replacement or continued insurance showing evidence of coverage as required by this Subcontract or a request for Contractor to obtain replacement insurance coverage at Subcontractor's expense or terminate this Subcontract for default. If Subcontractor's insurance coverage becomes ineffective and the Subcontractor has failed to provide the above-required notice, the Subcontractor shall indemnify Contractor against any claim resulting from Subcontractor's liability arising out of Subcontractor's operations, completed or otherwise, under this Subcontract that is not covered by Subcontractor's insurance. Subcontractor's failure to provide insurance as required by the Subcontract may result in withholding of payment in accordance with Article GC-20 **PAYMENT.**

(h) **ENDORSEMENT** If the policies of insurance referred to in this clause require an endorsement to provide for continued coverage where there is a waiver of subrogation, the owners of such policies will cause them to be so endorsed.

(i) If FAR 52.228-5 is listed at Attachment 1, then the following language must be included on Subcontractor's certificate of insurance: Any cancellation or any material change adversely affecting the Government's interest shall not be effective (1) for such period as the laws of the State in which the contract is to be performed prescribe, or (2) until 30 days after the insurer or the Contractor gives written notice to the Contracting Officer, whichever period is longer.

(j) **INSURANCE LIMITS:** Subcontractor shall provide and maintain coverage with limits of liability as follows:

1. Commercial General Liability Insurance including products-completed operations with a limit of \$1,000,000 Each Occurrence, \$2,000,000 General Aggregate. The Subcontractor shall maintain completed operations coverage for one year after acceptance of the Subcontract Work, substantial completion of the project, or to the time required by the Subcontract Documents, whichever is longer.
2. Automobile Liability Insurance with a combined single limit of \$1,000,000 Each Accident
3. Workers' Compensation and Employer's Liability Insurance with statutory limit for Workers' Compensation and Employer's Liability limits as follows:
 - 3.1. Bodily Injury by Accident: \$1,000,000 each accident
 - 3.2. Bodily Injury by Disease: \$1,000,000 each employee

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- 3.3. Bodily Injury by Disease: \$1,000,000 policy limit
- 3.4. For monopolistic states (WA, WY, OH, ND) Workers' Compensation, and when applicable, Employer's Liability, must meet the referenced limits and be provided by the applicable state-administered program.
4. If checked, PROFESSIONAL LIABILITY INSURANCE is required for this Subcontract. When required, Subcontractor and all lower-tier subcontractors shall obtain professional liability insurance for claims arising from the negligent performance of professional services under this Subcontract, written for \$1,000,000 per claim and in the aggregate. Professional Liability Insurance shall contain coverage sufficient to cover all services performed by the Subcontractor.
5. If checked, CONTRACTOR'S POLLUTION LIABILITY INSURANCE is required for this Subcontract. When required, Subcontractor and all lower-tier subcontractors shall obtain pollution liability insurance for claims arising from the negligent performance of services involving demolition of pre-existing structures, excavation, moving or removal of any hazardous or contaminated materials, or handling of any hazardous or contaminated materials (to include asbestos and lead), written for \$1,000,000 per claim and in the aggregate.

These requirements shall be continued in effect for three (3) years after the Date of Substantial Completion. All deductibles shall be paid by Subcontractor.

GC-24 CHANGES

Except as provided in Article 20 PAYMENT, this Subcontract may not be and shall not be deemed or construed to have been modified, amended, rescinded, canceled or waived in whole or part, except by written instruments signed by the parties Contractual Representatives.

Subcontractor expressly agrees that this requirement cannot be waived. If at any time, Contractor either verbally or in writing requests services or directs Subcontractor to perform ANY work other than the Work already subcontracted to perform, perform ANY work the Subcontractor considers outside the Scope of Work, or ANY work which would cause an increase in the amount of the Subcontract, Subcontractor shall, within three (3) business days and **prior** to making any such changes, notify Contractor's Contractual Representative (See GC-7) in writing of the requested change. Once the notice is received, the Contractual Representative will determine if the Subcontractor is to proceed with the changes and modify this Agreement as necessary. If the Subcontractor performs ANY work above and beyond the specific Work included in the agreed-upon price of this Agreement without formal, written authorization from the Contractor's Contractual Representative, that work shall be considered at risk, and Subcontractor shall not be paid for such work.

Non-client directed change costs are limited to no more than 10% General Conditions and not to exceed 5% profit.

The Contractor shall initiate an incidental change in the Subcontract Work by issuing a written order to the Subcontractor. Such written orders shall be carried out promptly and are binding on the Parties.

Contractor may, at any time, without nullifying this Subcontract, issue a written Subcontract Change Order to make adjustments in the Subcontract Price or Subcontract Time in any one or more of the following: (i) description of services to be performed; (ii) time of performance; (iii) place of performance; (iv) place of delivery; and/or (v) to incorporate changes imposed by the Client.

GC-25 PRIME CONTRACT FLOWDOWN PROVISIONS

This Subcontract is for the performance of work under a Federal Prime Contract and Subcontractor shall, whenever required, execute and deliver to Contractor all documents, and take such other actions which may be required by applicable FAR provisions. Subcontractor agrees to accept and abide by all terms and conditions that must be "flowed-down" to it by Contractor under the terms and requirements of the Prime Contract incorporated herein as Attachment 1 hereto. Failure to do so is a basis for termination of this Subcontract in accordance with Article GC-31 TERMINATION. These requirements shall be deemed to be incorporated herein by reference and apply to any Work performed under this Agreement. Any inconsistencies will be resolved by Contractor's Contractual Representative. Time requirements in the clauses are overridden by the time requirements set forth in this Subcontract. In all cases referenced, citations should be construed to apply to the Subcontractor as they apply to Contractor. The sum and substance of each regulation shall also be applied to all additional lower-tiered subcontractors, vendors, or entities utilized to perform any work under this Subcontract. The Subcontractor has no right of direct appeal to the Government Contracting Officer or the Government. Therefore, when "dispute" or "Dispute Clause" is referenced in any clause, it shall be deemed to be a dispute between the Subcontractor and Contractor. Certain portions of the clauses or certain clauses themselves may be self-deleting due to the nature of the work to be performed. The sum and substance of each term and condition shall also be applied to all additional lower-tiered subcontractors, vendors or entities utilized to perform any work under this Subcontract, and Subcontractor shall include this provision in all other subcontracts hereunder. In the event that the Prime Contract is modified subsequent to the effective date of this Subcontract so as to modify or add additional clauses, Subcontractor agrees to enter into an amendment to insert the substance of such clause(s).

If incorporated herein, the Subcontractor shall comply with the Construction Wage Requirements and related regulations by paying all covered workers in accord with the wage determination(s) attached hereto. To the extent the provisions of the Prime Contract between Owner and Contractor relate, directly or indirectly, to Subcontractor's Work and otherwise do not conflict with any provision in this Subcontract, Subcontractor agrees that such provisions are fully incorporated herein at Attachment 1 as if completely rewritten herein except that the word "Contractor" shall be substituted for the word "Owner" and the word "Subcontractor" shall be substituted for the word "Contractor" in the Prime Contract. Contractor assumes no responsibility for any conclusions or interpretations made by Subcontractor on the basis of any information made available by the Owner or Contractor.

The Subcontractor shall include the terms of this Article, including this paragraph, in lower tier sub-subcontracts and purchase orders awarded under this Subcontract.

GC-26 COMPLIANCE WITH LAWS

Subcontractor hereby agrees that it and its lower-tier subcontractors possess and will maintain throughout the term of this Subcontract all required permits, licenses, certifications, and other approvals required to perform the Work and its obligations hereunder. Additionally, Subcontractor agrees to comply with all federal (including FAR and applicable supplements), state, and local laws, statutes, ordinances, executive orders, rules, and regulations applicable to the Work and Subcontractor's performance hereunder. Subcontractor shall require its lower-tier subcontractors, if any, to also comply with all applicable laws. Subcontractor will indemnify

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Contractor for any liability incurred by Contractor as a result of breach of any such obligation. Upon request, Subcontractor shall submit all documentation necessary to evidence its compliance.

GC-27 INDEMNITY

Each party shall hold the other, the Owner, together with their agents, servants, employees, representatives, officers, directors, sureties and attorneys, harmless from and against and shall indemnify the other for all claims, bodily injury, death or damage to real or tangible property, taxes, liability, loss, costs, expenses, or damages to the extent caused by its negligent acts or omissions in performing under this Agreement. Subcontractor warrants that it carries adequate insurance to cover its indemnification obligations hereunder, as specified in the provisions set forth in Article GC-23 INSURANCE. The obligations of this Article (a) shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Article and (b) shall not be limited to claims, damages, losses and expenses arising from third party claims.

To the extent caused by its negligence and/or gross or willful misconduct, the indemnifying party shall reimburse the other for said action at its own expense and shall pay and discharge any judgment that may be rendered in any such action. In the event of any indemnified claim against Contractor by any third person, Contractor reserves the right to choose legal counsel and direct the defense of such claim at Subcontractor's sole cost and expense. Such undertaking of defense shall not be deemed an admission of liability, an agreement to assume liability, or a waiver of any right or remedy which the Contractor may have. This right may only be exercised if the Subcontractor is notified of the claim, the claim is the result of Subcontractor's performance of the Work, and the Subcontractor either fails or neglects to defend the claim.

Subcontractor's indemnity obligations shall remain in full force and effect regardless of whether the claim relates to a claim under Subcontractor's Worker's Compensation Policy.

Each Party shall protect, indemnify, and hold harmless the other party hereto from and against any and all damages and expenses arising out of a claim of actual or alleged infringement of patent, copyright, trademark or trade name asserted in connection with the use of equipment, tools, or methods of operation furnished pursuant to this Subcontract.

Notwithstanding the foregoing, neither Party shall be responsible for any loss of profits, business interruption, or for any type of consequential or indirect damages suffered by the other Party under this Subcontract, unless such are assessed under the Prime Contract.

GC-28 RESOLUTION OF DISPUTES

Subcontractor shall provide Contractor formal written notice of all claims and disputes as soon as possible but no later than ten (10) calendar days of a known claim or dispute. For all matters, including payment, the Contractor and Subcontractor agree to attempt to resolve any issue/dispute by taking the following successive steps: 1) Contractual Representatives (as named in GC-7) for each Party attempt to resolve the issue/dispute, 2) executive management of each Party attempt to resolve the issue/dispute, 3) Parties seek resolution through arbitration. Each Party agrees to negotiate in good faith. The following rules shall apply:

The Prime Contract associated with this Subcontract may include a disputes clause. All disputes relating to questions of law or fact related to the Prime Contract will be governed by the disputes clause (as listed on Attachment 1) including any and all procedures required pursuant to that clause. If a decision relating to the Prime Contract is rendered by the Client and the decision relates to this Subcontract, said decision, if binding upon the Contractor, shall also be binding upon the Subcontractor with respect to the matter. If Contractor appeals the Client's decision, any decision on appeal, including but not limited to findings of fact and law, determinations, and awards, if binding upon the Contractor, shall be binding upon the Subcontractor as it relates to the Subcontract. If any dispute or claim of Subcontractor is prosecuted or defended by Contractor, and Subcontractor is not directly a party, Subcontractor agrees to cooperate fully with Contractor and to furnish all documents, statements, witnesses, and other information required by Contractor for such purpose and Subcontractor shall assist Contractor as necessary to diligently pursue all claims. Subcontractor shall pay or reimburse Contractor for all expenses and costs, including reasonable attorneys' fees incurred in connection therewith, to the extent of Subcontractor's interest in such claim or dispute. Subcontractor consents to joinder in any proceedings between Contractor and Client upon the request of Contractor.

Pending the final disposition of any disputes, Subcontractor shall proceed as required by the Subcontract Documents and as directed by Contractor during any pending claims and/or appeals. Subcontractor agrees that it will not take, or will suspend, any other action or actions (including but not limited to any arbitration(s) or action(s) commenced pursuant to the Federal Miller Act, state Miller Act, state lien statutes, Bond or Retainage Act(s)) with respect to any such claims and will pursue no independent litigation with respect thereto, pending final determination of any dispute resolution procedure between Client and Contractor.

If as a result of any decision or judgment which is binding upon the Subcontractor and the Contractor, the Contractor is unable to obtain reimbursement under the Prime Contract, or is required to refund or credit to the Contractor's Client any amount with respect to any item, costs, or fee for which the Contractor has paid the Subcontractor, the Subcontractor shall, on demand, repay such amount to the Contractor within thirty (30) calendar days.

The Parties agree that this Subcontract, and the performance or breach thereof, shall be governed and construed in accordance with the substantive and procedural laws of the State of Tennessee, United States of America except for FAR and FAR supplement clauses, if applicable, which shall be determined in accordance with Federal law.

Unless otherwise prohibited, any and all disputes, controversies, claims or differences arising out of or relating to, or resulting from this Subcontract, its application or interpretation, or a breach thereof, which cannot be settled amicably by the Parties per the above successive steps, shall be resolved definitively and exclusively by arbitration under the Rules of Procedure of the American Arbitration Association (the "Rules") then prevailing, which arbitration shall be held in Knoxville, Tennessee, United States of America. Arbitration shall be by a single arbitrator in accordance with the Rules. It is agreed that all documentary submissions, presentations and proceedings shall be in the English language. The decision of the arbitrator shall be final and binding on the parties, and judgment upon any award rendered may be entered in any court having jurisdiction thereof. If arbitration is prohibited, the dispute will be resolved in the applicable court in the state of Tennessee. Subcontractor specifically agrees that the foregoing sentence applies to Federal Miller Act claims, both against the Contractor and Contractor's Surety, and agrees to suspend filing any action against Contractor and/or Contractor's Surety pending a final determination in arbitration proceedings.

Any time which elapses in attempting to resolve the Dispute through either or both negotiation or arbitration shall extend day-for-day any applicable statute(s) of repose or limitation of actions.

The Parties agree that this Arbitration obligation shall survive the termination of this Subcontract, whether by default or convenience. Notwithstanding anything to the contrary, (a) Contractor reserves the right to pursue and obtain injunctive or equitable relief from a

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court of law; (b) if a lawsuit or arbitration is brought against Contractor in a court of law and such claims involve, directly or indirectly, Subcontractor's Work, Contractor reserves the right to join Subcontractor in such arbitration or lawsuit, and (c) if any claims by Subcontractor involve, directly or indirectly, the work or obligations of other persons, Contractor reserves the right to join such other persons to its arbitration or litigation with Subcontractor.

The prevailing party shall be entitled to recover its reasonable costs and attorneys' fees from the non-prevailing party in connection with the dispute. As used herein, the term prevailing party means the party who, in light of the claims, causes, or action, and defenses asserted, is afforded greater relief.

GC-29 REMEDIES

If Subcontractor defaults or neglects to carry out the Work in accordance with the Subcontract Documents, Contractor shall give written Notice to Cure to Subcontractor. If Subcontractor subsequently fails within a three (3) business day period after receipt of written Notice to Cure to commence and continue correction of such a default or neglect with diligence and promptness, Contractor may, without prejudice to other remedies the Contractor may have, correct such deficiencies or in accordance with the Article entitled "Termination", terminate this Agreement. Regardless of whether the Contractor seeks to correct the deficiencies or not, Contractor may issue an appropriate Subcontract Modification deducting from payments then or thereafter due the cost of Actual Damages caused by Subcontractor's default, negligence or delay. "Actual Damages" may include, but are not limited to, Contractor's re-acquisition costs, project management costs, administrative costs, and overhead. Such action by the Contractor and amounts charged to the Subcontractor shall be reasonable and necessary. If payments then or thereafter due the Subcontractor are not sufficient to cover such amounts, the Subcontractor shall pay the difference to the Contractor.

GC-30 SUSPENSION

In the event Owner, for any cause, suspends work under the Prime Contract, Contractor may order Subcontractor to suspend Work under the Subcontract. Subcontractor shall not be entitled to any additional compensation or damage for such suspension, except and only to the extent Contractor receives additional compensation from Owner for work covered by this Subcontract. Subcontractor shall not be entitled to profit on its costs attributable to any such suspension.

The Contractor may direct the Subcontractor in writing to suspend, delay or interrupt all or any part of the Work for such period of time as may be determined to be appropriate for the convenience of the Contractor. If any such suspension significantly delays progress, the compensation to the Subcontractor shall be adjusted by a formal modification to the Subcontract and the time of performance shall be extended by the actual duration of the suspension only. Any claim by the Subcontractor for compensation of a schedule extension must be supported by appropriate documentation asserted within ten (10) days from the date an order is given to the Subcontractor to resume the performance of the Subcontract.

Short, incidental, reasonable stoppages of Work shall not be deemed to be a suspension, delay, or interruption of Work.

GC-31 TERMINATION

This Subcontract may terminate in whole, or in part, at any time and for any reason upon the occurrence of one of the following events:

- (a) Receipt of final payment, resolution or completion of any warranty obligations, and formal project completion, whichever is later.
- (b) The rejection by Client/Owner of Subcontractor as an acceptable candidate to perform the Work as set forth herein.
- (c) By mutual written consent of the Parties.

(d) Notwithstanding any other provisions of this Subcontract, Subcontractor shall be considered in default of its contractual obligations under this Subcontract if it:

- Performs Work which fails to conform to the requirements of this Subcontract
- Fails to make progress contrary to any agreed upon schedule so as to endanger performance of this Subcontract
- Abandons or refuses to proceed with any of the Work, including modifications directed pursuant to Article GC-24 CHANGES
- Fails to fulfill or comply with any of the terms of this Subcontract
- Fails to notify Contractor of a revoked, suspended, or otherwise discontinued required license
- Engages in behavior that is dishonest, fraudulent or constitutes a conflict of interest with Subcontractor's obligations under this Subcontract
- Becomes insolvent or makes a general assignment for the benefit of creditors or reasonable grounds for insecurity arise with respect to Subcontractor's performance
- Violates any applicable law or regulation.

The Party seeking to terminate for default must provide formal written notice to the defaulting party's Contractual Representative that it is considered to be in default before this clause may be activated. If Subcontractor is in default and does not cure such failure within 3 (three) business days, Contractor may terminate the Subcontract and acquire, under the terms and in the manner Contractor deems appropriate, supplies and/or Services similar to those terminated, and the Subcontractor will be liable for Actual Damages incurred in acquiring those supplies and/or Services.

Upon receipt of notice of termination, the Subcontractor shall immediately remove its equipment and personnel from the project site, if applicable. The Subcontractor shall have no right to perform further Work under this Subcontract or to receive any compensation for services or material provided after the date of termination. Subcontractor expressly understands that this includes any such failures as may be caused by labor disturbances, strikes, slowdowns, pickets, or other labor issues, without regard to fault, and that labor disturbances are expressly excluded from Article GC-15 Excusable Delays.

Following termination of this Subcontract for any reason, Subcontractor shall deliver to Contractor all deliverables and work in progress prepared hereunder through the date of termination; or

(e) The Contractor's election to terminate the Subcontract, in whole or in part, for convenience. The Subcontract may be terminated at any time, upon reasonable notice, with or without cause. Where the Prime Contract has been awarded under the Small Business Administration 8(a) program, termination for convenience may be used to reduce Subcontractor's work in whole or in part in order for the Contractor to comply with the Small Business Administration 8(a) self-performance requirements established at FAR 52.219-14. Notwithstanding anything contrary to the foregoing, Subcontractor's warranty obligations shall survive and shall not be affected or modified by any default or termination of this Subcontract, for cause or for convenience.

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In the event that any part of this Subcontract is terminated for convenience, the Contractor shall notify the Subcontractor by written notice. Such notice shall specify the extent to which the performance of the Work is terminated and the effective date of such termination. Upon receipt of such notice Subcontractor shall:

- Immediately discontinue the Work on the date and to the extent specified in the notice and place no further purchase orders or order for materials, services, or facilities, other than as may be required for completion of such portion of the Work that is not terminated;
- Obtain assignment or cancellation upon terms satisfactory to Contractor of all purchase orders, subcontracts, rentals or any other agreements existing for the performance of the terminated Work or assign those agreements as directed by Contractor; and
- Assist Contractor in the maintenance, protection, and disposition of Work in progress, plant, tools, equipment, property, and materials acquired by Subcontractor or furnished by Contractor under this Subcontract; and complete performance of such portion of the Work that is not terminated.

In the event of termination for convenience, Subcontractor shall, subject to the terms of this Subcontract, be entitled to receive payment for the Work executed prior to the notice of termination. Subcontractor may be entitled to receive reimbursement for costs incurred by reason of such termination, including overhead and profit for the Work executed, in accordance with FAR clauses 52.249-1 through 52.249-7 as applicable to the type of subcontract designated herein. Profit will only be paid on work completed as of the date of termination.

Subcontractor shall not be paid for any Work performed or costs incurred that reasonably could have been avoided. All termination settlement proposals must be submitted to Contractor within 14 days of the issuance of the termination. The Parties may agree on the amount to be paid because of the termination; however, the agreed amount shall not exceed the Subcontract price.

Except as expressly provided to the contrary herein, Contractor and Subcontractor shall retain all rights and remedies available to them by law, in equity, or otherwise in the event of any termination of this Subcontract. All other obligations provided in this Agreement shall survive the termination, cancellation or expiration of this Agreement.

GC-32 ORGANIZATIONAL CONFLICTS OF INTEREST

Subcontractor certifies, to the best of its knowledge and belief, that it understands the principal types of organizational conflicts of interest ("OCI") as described in FAR Subpart 9.5 and other applicable laws and regulations, and that it is not aware of any information bearing on the existence of any actual or potential OCI with respect to the work to be performed under this Subcontract. Should a potential or actual OCI arise during the course of Subcontractor's Work hereunder, Subcontractor will immediately notify Contractor of such and work with Contractor to avoid, neutralize, or mitigate such OCI. Subcontractor's failure to do so may result in Contractor taking appropriate action, including termination of the Subcontract, in addition to any other remedies available to Contractor by contract or law.

Subcontractor will include the provisions of this Article, including this paragraph, in all lower tier subcontracts for performance of any portion of the Work.

GC-33 WARRANTIES

All labor, material, and equipment furnished under this Subcontract is warranted and guaranteed by Subcontractor: (a) to satisfy all requirements of the Subcontract Documents; (b) to be sufficient for the purposes intended; (c) to be merchantable; (d) to be new; and (e) to be installed in a good and workmanlike manner free from defects. The foregoing warranties shall extend for the time period required by the Subcontract Documents, but in no event less than one (1) year from the date of final acceptance of all work under the Subcontract Documents. These warranties are in addition to, and not in lieu of, all implied warranties that may exist under law.

Subcontractor shall immediately repair, replace, or re-perform any defective work at no additional cost to Contractor, or at Contractor's election, will refund to Contractor that portion of the amounts received by Subcontractor attributable to the nonconforming services or goods.

Subcontractor warrants that it has obtained all required licenses necessary to perform the work under this Subcontract and that it is, and shall remain, in compliance with all licensing terms of the Article 26 COMPLIANCE WITH LAWS.

Subcontractor warrants that the Work to be supplied hereunder, and Contractor's use thereof, will not infringe, misappropriate, or violate any patent, copyright, trademark, trade secret or other intellectual property or proprietary rights of any third party.

Subcontractor warrants that the price(s) specified in this Subcontract do not exceed the current selling prices for the same or substantially similar supplies/services whether sold to the Government or to any other purchaser, taking into account the quantity and conditions of sale. Subcontractor warrants that to the best of its knowledge, information, and belief, the prices charged for supplies/services covered by this Subcontract are not in excess of prices permitted by any applicable law or regulation.

Subcontractor warrants that it has current, accurate and complete annual representations and certifications and will provide a copy upon request.

The above warranties also constitute conditions of sale and shall survive inspection, acceptance and payment hereunder. All warranties shall inure to the benefit of Contractor and Contractor's customers.

GC-34 PROPRIETARY AND CONFIDENTIAL INFORMATION

Confidential Information includes all information in any form whatsoever specifically identified in writing as confidential at the time of disclosure by the disclosing Party. Confidential Information may also be identified as such orally at the time of disclosure but must be further identified as such in writing specifically describing such material within five (5) calendar days after such disclosure. Neither Party shall identify information as Confidential Information which is not reasonably classified as such. This Subcontract, its entire contents, including but not limited to the Scope of Work, and the nature of the business relationship between the Parties is hereby classified by the Contractor as proprietary Confidential Information and the existence of which shall not be disclosed without prior written approval by both Parties hereto.

The Parties agree that they will not disclose Confidential Information received for any reason other than the purpose set forth in this Subcontract without the prior written consent of the disclosing Party, and they will use at least the same degree of care to prevent disclosure to any third party of misuse of the Confidential Information as it employs with respect to its own proprietary information of like importance and use, but in no event with less than a reasonable standard of care. Confidential Information will be disclosed only to the receiving Party's employees who have a specific need to know for accomplishing the purpose set forth in this Subcontract. Such receiving employees must be bound by the same requirements established herein.

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Neither Party shall be obligated to treat as Confidential Information any information which: (a) was in the receiving Party's possession from a third party having the right to disclose such information; (b) was known to the receiving Party prior to its receipt from the disclosing Party; (c) is or becomes public knowledge through no act of the receiving Party; (d) is furnished by the disclosing Party to others without similar restriction; (e) is independently developed by the receiving Party; (f) is used or disclosed with the prior written approval of the disclosing Party; or (g) is disclosed as required by law. If such a requirement or request by law is presented, the receiving Party will, to the extent lawfully permitted, promptly notify the disclosing Party and will give the disclosing Party a reasonable opportunity to contest or dispute such disclosure if they deem necessary.

Each Party agrees not to make more copies than necessary for internal use of the Confidential Information. All tangible forms and copies of the Confidential Information delivered by either Party to the other pursuant to this Subcontract shall be and remain the property of the disclosing Party, and all such tangible information shall be properly returned to said Party or destroyed upon written request. Any work papers, memoranda or other writings prepared by the receiving Party incorporating any or all of the information shall also be subject to the provisions of this Subcontract.

The obligations stated under this Article shall survive the expiration or termination of this Subcontract and any extension thereof for a period of two (2) years.

This Subcontract, its entire contents, including but not limited to Exhibit C Scope of Work, and the nature of the business relationship between the Parties are considered as private, confidential, and proprietary, and the existence of which shall not be disclosed without prior written approval by both Parties hereto.

GC-35 SECURITY

If Work is to be performed on a military or Government installation, or any other site in which the Client has implemented a security program that must be observed by all agencies and individuals, Subcontractor, its personnel and other sub-subcontractors or vendors acting on its behalf must comply with the existing security regulations currently in force while engaged in Work at the site. If badges are required for the Work, they will be issued by Contractor. Any badge issued on behalf of Subcontractor its sub-subcontractors, Employees, vendors, or any others acting on Subcontractor's behalf must be returned before final payment can be made. If any badges are not returned, any fines, penalties, or other assessments made by the Client for the failure to return will be assessed to Subcontractor and may be taken out of the final payment due. If the fine, penalty or assessment exceeds the amount due to Subcontractor, Subcontractor will pay the difference within ten (10) days of receipt of written notice. Failure to comply with these provisions constitutes a default and all rights and remedies available under this Subcontract and by law are applicable. In addition to any site badging requirements, Subcontractor and those acting on its behalf will observe and strictly adhere to any Client site rules, policies, and procedures, and standards of conduct.

GC-36 HEALTH SAFETY AND ENVIRONMENTAL REQUIREMENTS

Subcontractor shall at all times be solely responsible for all aspects of safety in connection with Subcontractor's and any Lower Tier Subcontractor's Work, including initiating, maintaining, supervising and complying with all safety precautions and plans, even if Contractor establishes a safety program for the entire Project. Such responsibility includes, without limitation, the obligations set forth in the remainder of this Article. Subcontractor shall perform Subcontractor's Work or ensure that it is performed, in a manner to avoid risk of injury to persons or damage to property and shall continuously inspect Subcontractor's Work, which includes all of Subcontractor's materials, equipment and lower tier subcontractors, to discover the existence of any conditions which impose a risk of bodily injury or damage to property.

Subcontractor agrees that failure to comply with the provisions of this Article may be grounds for withholding payment to Subcontractor and/or be a material breach of this Subcontract, which may lead to termination of this Subcontract by Contractor.

Prevention of accidents on or near Subcontractor's Work is Subcontractor's responsibility. Subcontractor shall take all necessary precautions to assure the safety of all persons and property during performance of Subcontractor's Work and will protect Subcontractor's Work and adjacent property from damage caused by Subcontractor's operations. Subcontractor will conform to all laws and regulations (including 29 CFR 1920, 29 CFR 1926, EM 385-1- and therein referenced standards) relating to health and safety and with site-specific health and safety plans, which are available upon request.

Subcontractor shall designate a qualified safety representative at the Project site with responsibility for preventing accidents and implementing and supervising the Safety Plan and other safety programs. The safety representative shall attend all project safety meetings, participate fully in all activities outlined in the Safety Plan and shall devote whatever time is necessary to perform such duties properly.

Subcontractor's safety representative shall provide Contractor's health and safety staff with requested information and shall have the authority to immediately correct any safety deficiencies. In addition, whenever Subcontractor's onsite manpower reaches 10 workers, a full-time health and safety representative shall be provided onsite. This representative must be dedicated to health and safety on this Project with no other onsite or offsite duties.

Subcontractor shall comply with and secure the compliance of its employees, lower tier subcontractors, suppliers and agents with applicable Laws, its Safety Plan and those of Contractor or the Owner, if any, and with the reasonable recommendations of insurance companies having an interest in the Project.

Prior to beginning Subcontractor's Work, Subcontractor shall submit for Contractor's review requested project specific written Safety Plans for the contracted work they will be performing. These Plans may have specified content requirements based on client expectations and shall conform to those expectations required or recommended by governmental and quasi-governmental authorities having jurisdiction and by Contractor and Owner, including, but not limited to, requirements imposed by the Contract Documents. Subcontractor will conspicuously post the Safety Plan at the Project site when requested.

A minimum of one week prior to mobilization to the project site, Subcontractor shall develop and submit project and task specific Activity Hazard Analysis (AHAs) according to the template that can be found at <https://www.ses-grp.com/wp-content/uploads/AHA-Sample.pdf> for review by Contractor's HSE. The AHAs will be developed by, or at a minimum contain input from, employees who will themselves be partaking in execution of the work. The AHAs will sequentially identify the tasks to be completed in each phase of work. The risk in performance of each task will be analyzed and the task specific hazards that are associated with each sequenced task will be identified. Safeguards and control measures will then be developed to eliminate or minimize exposure to the identified hazard and thereby remove or greatly reduce the potential for harm to Subcontractor's employees or other assets. The residual risk will be ranked according to the risk probability VS severity chart in the Risk Assessment Code matrix.

EXHIBIT A GENERAL CONDITIONS FOR CONSTRUCTION

Subcontractor's requirements and submittals for the project prior to work will include elements below.

Training. Subcontractor is responsible for the safety education of their employees. The training must comply with all laws and standards and include additional safety training for site supervision. Prior to performing work, Subcontractor shall provide copies of training certificates to Contractor for all operations, which require such training. Safety training records shall be up to date and available upon request at the project site. At a minimum, the following training is required:

- **Supervisor Safety Training/Site Safety and Health Officer (SSHO) Training** – must cover record keeping, incident investigation, OSHA inspections, H&S documentation requirements, and the OSHA 30-hour Construction Outreach course.
- **Competent Person Training** – each person designated as a competent person shall have related experience and attend training on that particular operation or be designated in writing as such by authorized representative of subcontractor management. The competent person(s) name must be included in the AHAs.
- **Employee Orientation Safety Training** – subcontract employees must attend safety orientation training. This training will cover applicable safety policies, safety manuals, plans, Activity Hazard Analysis, first aid provisions, accident reporting procedures, daily pre-task safety meeting participation, personal protective equipment, and enforcement procedures.
- **Emergency Procedures** – must cover notification procedures, evacuation routes, mustering points, and accountability.
- **Daily Pre-Task Safety Meetings** – must be conducted daily prior to the start of work with all Subcontractors' onsite personnel. Documentation detailing the subject discussed and signatures of all participants must be kept for each meeting.
- **Hazard Communication Standard** – must cover all aspects of the GHS standard including SDSs, chemicals onsite, labeling and the written program.
- **Lockout-Tagout/Energy Isolation** – must cover each individual piece of potentially energized machinery or equipment that is to be serviced, installed, removed or altered during this Project.
- **Working Alone** – must cover communications, control measures, and emergency procedures for working alone. Working alone includes any task where the risk of injury or illness is increased without assistance or direct communication with other workers located in close proximity, or when working in a remote area without reliable means for summoning emergency support.

Incident Reporting and Investigation. Subcontractor must report all incidents including injuries, illnesses, asset damage, exposures above acceptable limits, fires, explosions, spills, permit or permit-equivalent exceedances, or near misses to Contractor immediately (within 1/2 hour of incident). An incident investigation that includes a causal analysis and corrective actions must be conducted and a complete report issued to Contractor within 24 hours of incident. A daily verbal update will be provided to Contractor until corrective actions are completed, claimant is released to full-duty and/or claim has been resolved.

First Aid/CPR/Bloodborne Pathogens. A minimum of two First Aid/CPR/Bloodborne Pathogens trained persons must be on site anytime work is being performed at the project site.

Personal Protective Equipment. Subcontractor shall provide and inspect all personal protective equipment (PPE) prior to each use. In addition, Subcontractor shall enforce the use of PPE by its employees whenever required. A dress code, including hard hats, ANSI Type II high visibility apparel when working adjacent to traffic or heavy equipment, steel or composite-toe work boots meeting the requirements of ASTM, ANSI Z-87 safety glasses with side shields, and appropriate clothing (long pants and sleeved shirts that must cover torso) is required on all Contractor projects.

Fall Protection. Subcontractor shall provide and ensure the use of continuous fall protection equipment when activities take place 6 feet or more above a lower level. Fall protection specifics including the name of the fall protection competent person are required to be included in the subcontractor's Activity Hazard Analysis (AHAs).

HAZCOM. Subcontractor shall provide Contractor with a copy of the current GHS compliant Safety Data Sheets (SDSs) required by the Hazard Communication Standard for all hazardous chemicals or substances brought onsite by Subcontractor or any lower-tiered Subcontractors. Subcontractor shall maintain all SDSs at the worksite in a notebook readily available for inspection with an index. If such materials or substances are part of any item requiring a shop drawing or other submittal, the SDS will accompany the submittal.

Daily Safety Meeting and Pre-Task Safety Plans. Subcontractor shall prepare a Pre-Task Safety Plan (PTSP) and hold a daily safety meeting to review with work crew (including lower-tiered subcontractors) the hazards posed and the required hazard control measures for each day's planned activities. Subcontractor shall maintain records of daily safety meetings and Pre-Task Safety Plans including topics discussed and attendees. A copy of a Pre-Task Safety Plan is included at <https://www.ses-grp.com/wp-content/uploads/Pre-Task-Safety-Plan.pdf>.

Safety Observations. Subcontractor shall implement a Safety Observation program at the project site and conduct a minimum of one Safety Observation per week if work is performed at the project site.

Safety Inspections. Subcontractor shall conduct and document regular inspections for health, safety, and environmental conditions at the project site and promptly implement any needed corrective actions. A minimum of one documented inspection shall be conducted per week if work is conducted at the project site.

Competent Person. Subcontractor agrees to provide a competent person onsite at all times during operations which require such according to the OSHA regulations. This person must be experienced in the operation and have received detailed training on the regulations pertaining to the operation.

Housekeeping and Site Services. Subcontractor is solely responsible for good housekeeping in their work areas. Subcontractor is responsible for supply drinking water, adequate toilets, washing facilities, fire extinguishers, first aid kits and jobsite posters per OSHA requirements unless specifically stated elsewhere in this Subcontract as a service to be furnished by others.

Construction Equipment. Subcontractor shall operate and maintain any construction equipment such as motorized vehicles, heavy equipment, drill rigs, water trucks, and haul trucks in a safe and compliant manner. All construction equipment is to be new or like new and have documented preventive maintenance meeting the manufacturer's minimum recommendations. Documentation shall be readily available for inspection. Construction equipment must be operated by individuals qualified in the operation of specific equipment being used. Subcontractor may be requested to provide written documentation of operator's qualifications of experience and or training to operate said equipment.

Lower-Tier Subcontractors: Subcontractor agrees to perform a Safety and Health pre-qualification of all lower-tiered subcontractors prior to contract award. Pre-qualification records shall be maintained by the subcontractor and made available for inspection by Contractor. Lower-tiered subcontractors must show their ability to comply with Safety and Health requirements by completing a written questionnaire outlining their health and safety program components, incident history, experience modification ratings, Safety violations/citations and training programs for the previous 3 years. Subcontractor shall not accept lower-tiered subcontractors that have had fatalities, incident statistics greater than the applicable NAICS industry classification average, workers' compensation

EXHIBIT A GENERAL CONDITIONS FOR CONSTRUCTION

experience modification rates exceeding 1.0, excessive past Safety violations/citations or inadequate HSE training programs for the anticipated work. Use of Lower Tier Subcontractors that do not meet these minimum Safety pre-qualifications requires prior written notification to Contractor for acceptance.

Subcontractor's employees and those of its lower tier subcontractors shall have received appropriate training before beginning Subcontractor's Work at the Project site. Subcontractor shall furnish appropriate safety equipment for Subcontractor's Work in progress, train appropriate personnel in the use of the equipment and enforce the use of such equipment by its employees and those of its lower tier subcontractors.

Subcontractor shall be solely responsible for the design, construction, installation, use and adequacy of all temporary supports, shoring, bracing, scaffolding, machinery or equipment, safety precautions or devices and similar items used by Subcontractor and all lower-tiered subcontractors during performance of Subcontractor's Work.

Temporary structures such as fabrication shops, storage areas, and offices will not be permitted within existing facility structures unless approved by the Contractor. Such temporary structures, if permitted inside or adjacent to existing facility structures, must be constructed of fire-retardant materials.

A copy of Subcontractor's Professional License and Registration for the applicable State/County/City shall be provided to Contractor upon request.

Contractor may stop any part of the Work which Contractor deems unsafe until corrective measures satisfactory to Contractor shall have been taken. Contractor's review of Subcontractor's Safety Plan, AHAs, its observations or failure to stop Subcontractor's unsafe practices shall not relieve Subcontractor of its sole responsibility for safety, limit Subcontractor's obligation to undertake any action necessary to maintain a safe environment or create an obligation for Contractor. Subcontractor shall indemnify Contractor for fines, damages or expenses incurred by Contractor because of Subcontractor's (including any lower tier subcontractor(s)) failure to comply with safety requirements.

Drug Free Workplace. Subcontractor's project Drug Free Workplace policy must at a minimum meet the requirements of Contractor's Drug Free Workplace policy found at <https://www.ses-grp.com/wp-content/uploads/Drug-Free-Workplace-Policy.pdf>. Subcontractor's workers may be requested to submit to substance abuse testing upon suspicion by Contractor's representative, or following a significant incident involving personal injury, or property damage.

GC-37 COMMUNICATIONS

Contractor shall be responsible for all liaison and communications with Contractor's Customer as well as Contractor's other subcontractors for the term of this Subcontract. Subcontractor shall not communicate with Contractor's Customer regarding this Subcontract except with the prior consent of Contractor.

GC-38 NON-SOLICITATION OF PERSONNEL

The Parties agree that during the term of the Agreement neither Party will solicit personnel or consultants of the other Party who are performing work under this Agreement for the purpose of inducing them to join their employ. This Article is not intended to preclude an employee's right to pursue, on their own initiative, employment opportunities that are open to the general public, whether by advertisement or posting online, including the Contractor's parent company's website.

GC-39 EXPORT CONTROLS

(a) Subcontractor agrees to comply with all U.S. export control laws and regulations, including but not limited to, the International Traffic in Arms Regulations (ITAR), and the Export Administration Regulations (EAR). Without limiting the foregoing, Subcontractor agrees that it shall not directly or indirectly transfer any export-controlled item, software, technology, data, or services, to include transfer to foreign nationals employed by, associated with, or under contract to Subcontractor or Subcontractor lower-tier subcontractors, without the authority of export authorization, nor without first complying with any applicable laws thereto.

(b) Subcontractor agrees to notify Contractor if any articles or service to be delivered under this Agreement is restricted by export control laws or regulations.

(c) Subcontractor shall immediately notify the Contractor if they are or become listed in the Denied Parties List or if Subcontractor's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.

(d) Subcontractor shall indemnify and hold harmless Contractor from all resulting claims, demands, damages, costs, fines, penalties, attorneys' fees and all other expenses resulting from Subcontractor's failure to comply with this Article.

GC-40 EQUAL OPPORTUNITY

EXECUTIVE ORDER 11246

The Equal Employment Opportunity Clause set forth in 41 C.F.R. Sec.60-1.4(a) (1)-(7) is incorporated herein by reference and made a part of this Subcontract as though fully set forth herein.

VIETNAM ERA VETERANS' READJUSTMENT ACT

The affirmative action clause set forth in 41 C.F.R. Section 60-300.5, Affirmative Action and Nondiscrimination obligations of contractors and subcontractors regarding disabled veterans, recently separated veterans, other protected veterans, and armed forces service medal veterans, is incorporated herein by reference and made a part of this Subcontract as though fully set forth herein.

THE REHABILITATION ACT OF 1974

The affirmative action clause set forth in 41 C.F.R. Section 60-741.4, Affirmative Action and Non-Discrimination Obligations of Contractors and Subcontractors regarding Individuals with Disabilities, is incorporated herein by reference and made a part of this Subcontract as though fully set forth herein.

EXHIBIT B SPECIAL CONDITIONS FOR CONSTRUCTION

SC-1 JOBSITE INSPECTION

Subcontractor warrants that it and its Employees are familiar with the job site, the Work as it relates to the job site, and physical and other conditions, including hazardous substances, materials, agents, both surface and subsurface, which may exist at the job site and that Subcontractor has made allowance for any and all such conditions and contingencies in its proposal and related pricing.

SC-2 SUPERINTENDENCE BY SUBCONTRACTOR

At all times during performance of any on-site Work under this Subcontract and until the on-site Work is completed and accepted, the Subcontractor shall directly superintend the Work or assign and have on the worksite a competent superintendent who is satisfactory to the Contractor and has authority to act for the Subcontractor.

SC-3 SUBTIER SUBCONTRACTORS

Subcontractor shall perform all services hereunder with its own personnel and shall not enter into a subcontract or purchase order for any portion of the Work without the prior written consent of the Contractor.

- A. Subcontractor shall submit to Contractor the list of all subtier (at all tiers) subcontractors and their function, together with a point of contact address and telephone number for each such subcontractor. Whenever, for any reason, Subcontractor needs to substitute for, add to, or remove one or more of the aforementioned subtier subcontractors from Work under this Subcontract, Subcontractor shall do so only with the prior approval of Contractor.
- B. Contractor may not approve any proposed additional/substitute subtier subcontractor if Contractor has actual knowledge of the proposed additional/substitute subtier subcontractor's poor environmental compliance or safety performance under existing subcontracts with Contractor or any work performed for others.
- C. Subcontractor's request for Contractor approval of additional/substitute subtier subcontractor(s) must include the following information for each proposed additional/substitute subtier subcontractor:
 - A brief explanation of the need to alter the list of subtier subcontractors
 - Name, address, contact, and phone number of proposed subtier subcontractor
 - Summary list of tasks to be performed under this Subcontract by the proposed subtier subcontractor
 - An updated, signed SF1413 listing all subcontractors to be utilized must be submitted with the required Subcontract Documents. If the subtier list of subcontractors changes from the initial SF1413, Contractor BY LAW must re-submit a signed, updated SF1413. Contractor is not responsible for any costs incurred by Subcontractor for any subtier subcontractor used without prior written authorization.

SC-4 UTILITIES AND FACILITIES

Availability of utilities and facilities to be furnished by Contractor, others, and/or Contractor's Client, if any, is specified elsewhere in the Subcontract Documents.

SC-5 CONTRACTOR-FURNISHED MATERIALS AND EQUIPMENT

Contractor may furnish to Subcontractor, at Contractor's warehouse or Jobsite storage area, certain items to be incorporated into or used in performance of the Work under this Subcontract. Such items will be furnished, without cost to Subcontractor, provided that Subcontractor shall, at its expense, accept delivery thereof and load, unload, transport to points of use, and care for such items until final disposition thereof. At time of acceptance of any such item from Contractor, Subcontractor shall sign a receipt therefor. Signing of such receipt without reservation therein shall preclude any subsequent claim by Subcontractor that any such items were received from Contractor in a damaged condition and with shortages. If at any time after acceptance of any such item from Contractor any such item is damaged, lost, stolen, or destroyed, such item shall be repaired or replaced at the expense of Subcontractor. Contractor may at its option, furnish items required to be replaced. Upon completion of all the Work under this Subcontract, Subcontractor shall, at its expense, return all surplus and unused items to Contractor's warehouse or Jobsite storage area.

Contractor will exert every reasonable effort to make delivery of such materials and equipment so as to avoid delay in the progress of the Work. However, should Contractor, for any reason, fail to make delivery of any such item and delay results, the provisions of Article GC-24 CHANGES will apply. Subcontractor shall take all appropriate action to mitigate the consequences of such delay.

A list of Contractor furnished materials/equipment, if any, is provided at Exhibit C: Scope of Work.

SC-6 FINES AND PENALTIES

If a state or federal agency takes an enforcement action with associated fines and penalties against Contractor or Government for regulatory and/or permit noncompliance that resulted from a failure of Subcontractor to perform in accordance with this Subcontract (e.g., failure to meet regulatory reporting milestones, making false statements in reports, etc.), Subcontractor shall reimburse Contractor or the Government for the amount of any resultant fine and/or the cost of additional Work required as a result of the enforcement action. Contractor may withhold such amounts from any payments due Subcontractor.

SC-7 COMPLIANCE WITH CONSTRUCTION WAGE REQUIREMENTS AND RELATED REGULATIONS

Where the Construction Wage Requirements, related regulations, and applicable wage determination have been incorporated into this Subcontract, the Parties have designated below representatives and addresses with responsibility for submittal documents, correspondence, and all other matters relating to Subcontractor's compliance with the Construction Wage Requirements and related regulations. Subcontractor acknowledges that the required submittals listed in this Article are vital to the progress and completion of the Work. Accordingly, Subcontractor grants Contractor's Submittal Representative set forth below, and as designated hereafter, the permission and authority to contact any sub-subcontractors directly to discuss the required submittals. Contractor's Submittal Representative must receive all submittals listed herein or directly from the sub-subcontractors. Notwithstanding, Subcontractor retains full responsibility for its sub-subcontractors' compliance.

EXHIBIT B SPECIAL CONDITIONS FOR CONSTRUCTION

Submittal Representatives:

For the Contractor

Herman Construction Group, Inc.
Attn: Certified Payrolls
2060 Wineridge Place, Suite A
Escondido, CA 92029
const-compliance@ses-grp.com

For the Subcontractor

Required Submittals:

- All certified payroll reports for this project are to be reported through the electronic software system called **e-Mars**. Instructions for using **e-Mars** can be found at <https://www.ses-grp.com/wp-content/uploads/Certified-Payroll-Information.pdf>.
- Form SF1413 "Statement and Acknowledgment" (attached) – This form must be completed and submitted to Contractor by Subcontractor and all sub-subcontractors (if any) used by the Subcontractor under this Subcontract. Instructions for completing this form are available from Contractor. **If additional sub-subcontractors are added, an updated SF1413 form including the addition (along with all previous listed sub-subcontractors) must be submitted before any certified payrolls can be processed.**
- Form WH347 Payroll Reporting Form (available from Contractor) - This form must be submitted on a weekly basis to the Contractor, even when there is no payroll to report for the week.
- Statement of Compliance (available from Contractor) – This form must be submitted on a weekly basis to Contractor.

SC-8 PERFORMANCE AND PAYMENT BONDS (if required, as shown on subcontract cover page)

Subcontractor shall furnish copies of all executed bonds, including any necessary reinsurance agreements, to the Contractor, within 10 days from award of this Subcontract or prior to performing any of the Work, either offsite or onsite, whichever occurs first.

(a) Definitions. As used in this clause—

"Original Subcontract price" means the award price of the Subcontract. Original Subcontract price does not include the price of any options, except those options exercised at the time of Subcontract award.

(b) Amount of required bonds. The Subcontractor shall furnish performance and payment bonds to the Contractor as follows:

- (1) Performance bonds (The penal amount of performance bonds at the time of Subcontract award shall be 100 percent of the original Subcontract price.
- (2) Payment Bonds (The penal amount of payment bonds at the time of Subcontract award shall be 100 percent of the original Subcontract price.
- (3) Additional bond protection:
 - (i) The Contractor may require additional performance and payment bond protection if the Subcontract price is increased. The increase in protection generally will equal 100 percent of the increase in Subcontract price.
 - (ii) The Contractor may secure the additional protection by directing the Subcontractor to increase the penal amount of the existing bond or to obtain an additional bond.

(c) Surety or other security for bonds. The bonds shall be in the form of firm commitment, supported by corporate sureties acceptable to the Contractor, individual sureties, or by other acceptable security such as postal money order, certified check, cashier's check, irrevocable letter of credit.

SC-9 LIQUIDATED DAMAGES (if required, as shown on subcontract cover page)

If Subcontractor fails to meet the designated schedule in accordance with the Subcontractor's scope of work, or otherwise causes delays in the overall project schedule, Subcontractor agrees to pay by way of liquidated damages the amount assessed to the Contractor by the Client directly related to Subcontractor's Work but not to exceed the sum of \$_____ per day for each working day that the work is not satisfactorily completed as liquidated damages and not as a penalty. Subcontractor shall not be assessed liquidated damages for delays not within the Subcontractor's reasonable control.

SC-10 EXPENDITURE NOTIFICATION (does not apply to firm-fixed price)

For work performed on a unit rate or cost reimbursement basis, Subcontractor shall notify the Contractor in writing when Subcontractor expects that in the next sixty (60) days billable charges, when added to all previously billed charges will exceed seventy five percent of the estimated Subcontract value. Upon expending seventy five percent of the estimated Subcontract value, Subcontractor shall provide weekly written summaries of billable charges, inclusive of previously billed charges.

The Contractor is not obligated to reimburse the Subcontractor for billable charges in excess of the estimated Subcontract value as modified. The Subcontractor is not obligated to continue performance under this Subcontract once billable charges reach one hundred per cent of the estimated Subcontract value as modified.

SC-11 STANDARD OF CARE

Subcontractor represents that its employees shall, in performing the work hereunder, exercise that degree of skill and judgment, care and diligence consistent with the applicable industry standards and shall perform all work in accordance with any and all drawings, specifications or requirements provided by Contractor and/or Client. Subcontractor will promptly make good by replacement or correction at its sole expense any defective work, any defect in materials or workmanship, including the restoration of any work of Contractor or other subcontractors that has been affected thereby.

Subcontractor further represents that its personnel are fully trained and qualified to perform the work for which they are assigned hereunder and to safely operate those systems which they will be operating in performing the work hereunder. Upon written request from Contractor,

EXHIBIT B SPECIAL CONDITIONS FOR CONSTRUCTION

Subcontractor shall immediately remove any personnel deemed by Contractor to be unsatisfactory or incompetent to perform the work. Contractor shall not unreasonably request such removal.

SC-12 DIFFERING SITE CONDITIONS

The Subcontractor shall within three (3) business days, and before the conditions are disturbed, give a written notice to the Contractor of (1) subsurface or latent physical conditions at the site which differ materially from those indicated in this Subcontract; or (2) unknown physical conditions at the site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Subcontract.

The Contractor shall investigate the site conditions promptly after receiving the Subcontractor's written notice. If the conditions do materially so differ and cause an increase or decrease in the Subcontractor's cost of, or the time required for, performing any part of the work under this Subcontract, whether or not changed as a result of the conditions, to the extent that the Contractor is reimbursed by the Client an equitable adjustment shall be made under this Article and the Subcontract modified in writing accordingly.

No request by the Subcontractor for an equitable adjustment to the Subcontract under this Article shall be allowed, unless the Subcontractor has given the written notice required.

No request by the Subcontractor for an equitable adjustment to the Subcontract for differing site conditions shall be allowed if such request is made after the period of performance expires under this Subcontract.

SC-13 CLEANING UP

Subcontractor shall, at all times, keep its Work areas in a neat, clean, and safe condition. Upon completion of any portion of the Work, Subcontractor shall remove from the Work area within five (5) business days, unless expressly permitted by Contractor's Project Manager, all of its equipment, temporary structures, and surplus materials not to be used at or near the same location during later stages of the Work. Upon completion of the Work and prior to final payment, Subcontractor shall at its expense satisfactorily dispose of all rubbish; remove all buildings, equipment, and materials belonging to Subcontractor, and as applicable return to Contractor's warehouse or Jobsite storage area all salvageable Contractor supplied materials or equipment. Subcontractor shall leave the premises in a neat, clean, and safe condition. Any costs incurred as a result of Contractor having to move and or store equipment, temporary structures, and/or surplus materials will be charged by to Subcontractor. After thirty (30) calendar days, all such items will be considered abandoned.

SC-14 REPORTING EXECUTIVE COMPENSATION AND FIRST TIER SUBCONTRACT AWARDS

If Subcontract is subject to the Federal Funding Accountability and Transparency Act (FAR 52.204-10) and/or the American Recovery and Reinvestment Act (FAR 52.204-11). The SUBCONTRACTOR shall provide reporting information in accordance with Attachment 5.

SC-15 UNCOVERING OF WORK

If required in writing by the Contractor, the Subcontractor must uncover any portion of the Subcontract Work which has been covered by the Subcontractor in violation of the Subcontract Documents or contrary to a directive issued to the Subcontractor by the Contractor. Upon receipt of a written directive from the Contractor, the Subcontractor shall uncover such work for the Contractor's or Owner's inspection and then restore the uncovered work to its original condition at the Subcontractor's time and expense. If the Contractor, or some other entity for which the Subcontractor is not responsible, caused the nonconforming condition, the Contractor shall be required to adjust the Subcontract by change order for all such costs and time.

Contractor's failure to inspect the service or supplies shall not relieve the Subcontractor from responsibility, nor impose liability on Contractor, for nonconformity. The Subcontractor is required to correct in a timely fashion any Subcontract Work rejected by the Contractor or Owner for failing to comply with the Subcontract Documents whether observed prior to the commencement of the warranty period(s) or during the warranty period(s) established by the Subcontract Documents. The Subcontractor shall correct at its own cost and time and bear the expense of additional services for any nonconforming Subcontract Work for which it is responsible.

SC-16 BUY AMERICAN ACT

Subcontractor shall comply with all requirements of any applicable Buy American Act FAR clause(s), as listed in Attachment 1. If any portion of the Buy American Act cannot be complied with, Subcontractor shall immediately notify Contractor's Contractual Representative in writing.