



SERVICE CONTRACT
APPENDIX A
GENERAL TERMS AND CONDITIONS

Contract No:
Date Prepared:

These terms, conditions and requirements apply to the Contract Documents describing the Work for the Project. If any provision of these Contract Documents is declared by a court to be illegal or in conflict with any law, the validity of the remaining provisions and the ensuing rights and obligations of the Parties to the contract shall not be affected.

1. ARTICLE 1 - DEFINITIONS:

Whenever used in these Contract Documents, the following terms shall have the indicated meaning. Any term not so defined shall have its ordinary meaning.

Additional or Extra Services – Services, work products or actions required of the Contractor above and beyond the provisions of the of the agreement.

Amendment – A written change to this Contract.

Change Order – A written order by AAC directing changes to the Contract.

Contract – The Contract Documents form the Contract between AAC and the Contractor for the Work to be performed. The Contract represents the entire agreement between the parties and supersedes prior negotiations, representations or agreements.

Contract Documents – The Statement of Work, the Notice of Contract Award, Offeror’s Bid, and any addenda, written changes, or attachments as noted in the description of the Work.

Contracting Officer– The Chief Executive Officer ’s or his designee, authorized to enter into and administer the Contract on behalf of AAC.

Effective Date of the Contract – The date on which the Contract is fully executed by both AAC and the Contractor.

Contractor – The firm (person or business combination) providing Services.

Regulatory Requirements – All laws, rules, regulations, ordinances, codes and/or orders applicable to the Work.

Statement of Services – Services and Work products required of the Contractor by this Contract.

Subcontractor – Any individual, firm, or corporation to whom the Contractor has contracted to perform part of the Contract.

2. ARTICLE 2 - AUTHORITY. The Chief Executive Officer (or authorized representative) has the authority to make findings, determinations and decisions with respect to the contract; to approve materials, Work and payment therefore; and to modify or terminate the contract on behalf of AAC.

3. ARTICLE 3 - RESPONSIBILITY. The Contractor shall have responsibility for the means, methods, sequences, or procedures related to the Project, based on the guidance provided in the contact document. The Contractor shall conduct all Work in such a manner that protects the public and State resources. The Contractor’s relationship to AAC in performing this contract is that of an independent subcontractor and nothing herein shall be construed as creating an employee/employer relationship. The personnel performing services under this contract shall at all times be under the Contractor’s exclusive direction and control.

4. ARTICLE 4 - COSTS NOT TO EXCEED CONTRACT AMOUNT. The Contractor assumes the risk that services and expenses may exceed the payment ceiling set forth in this contract. AAC shall not be liable for amounts above such payments unless by prior written agreement.

5. ARTICLE 5 - LIMITATION OF COSTS. When the contract is approximately 75% complete, the Contractor shall determine if the Authorized Amount(s) might be exceeded; and, if so, shall provide an estimate of cost to complete. AAC will determine after discussion with the Contractor if the additional cost is reasonable and does not include costs that should be absorbed by the Contractor. If additional

cost is validated, a negotiated Amendment will be executed which either (1) reduces the scope of services/work products required commensurate with the Authorized Amount(s), or (2) increases the Authorized Amount(s) to that required for completion of the original scope.

6. **ARTICLE 6 - NO ADDITIONAL WORK OR MATERIAL.** No claim for additional services, not specifically provided in this Agreement, performed or furnished by the Contractor, will be allowed, nor may Contractor do any work or furnish any material not covered by this Agreement unless the work or material is ordered in writing by an authorized AAC Representative.
7. **ARTICLE 7 - GOVERNING LAW.** The Contractor must comply with all applicable laws, regulations, codes, ordinances and written directives issued by the Procurement Officer. In addition, the Contractor must obtain applicable licenses and permits; provide supervision and labor, except as may otherwise be provided by AAC. These General Conditions are governed by the laws of the State of Alaska. Any dispute arising from or relating to these General Conditions shall be subject to litigation in the Superior Court for the State of Alaska, Third Judicial District at Anchorage.
8. **ARTICLE 8 - PERMITS AND LICENSES.** The Contractor shall, at its own expense, obtain all necessary permits, licenses, certifications, and any other similar authorization required or which may become required by the Government of the United States or any state or by any political subdivision of the United States except where laws, rules, or regulations expressly require AAC to obtain the same.
9. **ARTICLE 9 - INDEPENDENT CONTRACTOR.** The Contractor and any agents and employees of the Contractor act as independent contractors to AAC and are not officers, employees, agents, partners or joint ventures of AAC in the performance of this Agreement.
10. **ARTICLE 10 – EQUAL EMPLOYMENT OPPORTUNITY.** The Contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin or because of age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood. The Contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, physical handicap, age, sex, marital status, changes to marital status, pregnancy or parenthood. This action must include the following: employment, upgrading, demotion, transfer, recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
 - a. The Contractor shall state, in all solicitations or advertisements for employees to work on AAC contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.
 - b. The Contractor shall send to each labor union or representative of workers with which Contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of Contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
 - c. The Contractor shall include the provisions of this article in every contract and shall require the inclusion of substantially similar provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor.
 - d. The Contractor shall cooperate fully with efforts of the State of Alaska which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this Agreement, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices. Full cooperation includes, but is not limited to, being a witness in any

proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the Contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the Contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices. AAC shall reimburse the Contractor for all reasonable travel expenses incurred to comply with this paragraph.

11. **ARTICLE 11 - INSEPTION AND REPORTS.** AAC may inspect, in the manner and at reasonable times it considers appropriate, all CONTRACTOR's facilities and activities under this Contract. The Contractor shall make progress and other reports in the manner and at the times AAC reasonably requires.
12. **ARTICLE 12 - PAYMENT OF TAXES.** The Contractor shall pay all federal, state, and local taxes incurred by the Contractor and shall require their payment by any subcontractor or any other persons in the performance of this contract.
13. **ARTICLE 13 - NO ASSIGNMENT OR DELEGATION.** The Contractor shall not assign, subcontract, or delegate any work under this contract without prior written Approval from the Procurement Officer.
14. **ARTICLE 14- INVOICING.** To ensure payment, invoices are to be submitted to the attention of the Alaska Aerospace Accounts Payable department electronically at AACBillings@akaerospace.com by the thirtieth (30th) calendar day of each month. Invoices should be in Subcontractor's format and shall contain the following information: Subcontract number and serialized invoice number; Description of work; hours worked, and labor rate. To ensure payment, invoices are to be submitted monthly to AAC within 30 days of performance. Charges submitted after the above stated times will, at AAC's discretion, not be paid.
15. **ARTICLE 15- PAYMENT.** Payment for services provided shall be made 30 days after receipt of proper billing or the date on which payment is due under terms of the contract per AS 37.05.285. AAC will make final payment to the Contractor following approval of completion of all Work and the Contractor's submittal of all required releases and invoices. Liens or other claims relating to the Project may be withheld from final payment if written notice is first given to the Contractor. Acceptance of the final payment will constitute the Contractor's waiver to future claims.
16. **ARTICLE 16 - CHANGES.** AAC reserves the right to make written changes to the Contract Documents for modifications within the general scope of the Work with compensation adjustment based on T&M or agreed upon fixed fee or percentage of work complete.
17. **ARTICLE 17 - BREACH.** The failure of the Contractor to perform a material obligation under this Agreement shall be a default if not cured within ten (10) days after AAC gives the Contractor written notice of the default, or if the default cannot be cured within such ten (10) day period, within the time for cure specified in a written cure plan provided by the Contractor and approved in writing by AAC within such ten (10) day period. Immediately upon receiving written approval of a cure plan, the Contractor shall commence and proceed diligently to carry out the cure plan. Failure to perform under this article constitutes a material breach of this Agreement.
18. **ARTICLE 18 - CANCELLATION/TERMINATION.**
 - a. **TERMINATION FOR CONVENIENCE.** AAC may, for its sole convenience, terminate this contract in whole or in part, at any time by giving written notice of its intention to do so. In the event of such termination, the Contractor shall be entitled to received payment in accordance with payment

provisions of this contract for services rendered and charges incurred prior to the effective date of termination. Contractor shall not be paid for any work done after receipt of a notice of termination or for any costs incurred by the Contractor's suppliers or subcontractors, which the Contractor could have reasonably avoided. In no event shall AAC be liable for unabsorbed overhead or anticipated profit on unperformed services.

b. **TERMINATION FOR CAUSE.** AAC has the right to terminate this contract by written notice of default to the Contractor, in whole or in part in the following circumstances: The failure of the Contractor to perform a material obligation under this Agreement shall be a default if not cured within ten (10) days after AAC gives the Contractor written notice of the default, or if the default cannot be cured within such ten (10) day period, within the time for cure specified in a written cure plan provided by the Contractor and approved in writing by AAC.

19. **ARTICLE 19 - FORCE MAJEURE.** Neither AAC nor the Contractor shall be responsible to perform the terms of this contract when performance is prevented by fore majeure, provided that: (1) notice and reasonably detailed particulars are given to the other party and (2) the cause of such failure or omission is remedied so far as possible with reasonable dispatch. The term "force majeure" shall mean acts of God, earthquakes, fire, flood, war, civil disturbances, governmentally imposed rules, regulations or other causes, which is not within the reasonable control of either party and which through exercise of due diligence, a party is unable to foresee or overcome. In no event shall force majeure include normal or reasonably foreseeable or avoidable operational delays.
20. **ARTICLE 20 - WARRANTY.** In the event Contractor supplies equipment, goods, materials, or other supplies in addition to services under this contract, Contractor warrants said items: (a) shall be of good quality and free from all defects and deficiencies in workmanship, material and design; (b) shall be fit, suitable and operate successfully for their intended purpose; (c) shall be new; (d) shall be free from all license, claims, demands, and other defects in title; and (e) shall conform to the specifications, if any, stated in the contract. The Contractor shall honor all guarantees and warranties offered by the manufacturer of the equipment, goods, materials, and other supplies provided under this contract.
21. **ARTICLE 21 - DISPUTES.** Any dispute arising out of this Contract, which cannot be satisfactorily remedied by the Parties to the Contract, shall be resolved under AAC Regulation 1.070.
22. **ARTICLE 22 - IDEMNIFICATION AND INSURANCE.** The Contractor shall indemnify, save harmless, and defend AAC, its agents and its employees in accordance with Appendix B. Furthermore, the Contractor shall, prior to the Award of the contract, provide proof of Insurance as applicable under Appendix B as requested. These coverages shall remain in force for the duration of the Contract.
23. **ARTICLE 23 - DOCUMENTS.** The Contractor, for a period of three years after final payment under this Agreement, agrees to retain all documents and other materials produced by the Contractor in performing under this Agreement, furnish and upon request to provide AAC access to all retained materials at the request of AAC. Unless otherwise directed by AAC, the Contractor may retain copies of all the materials.
24. **ARTICLE 24 - AUDIT.** AAC has the right to audit at reasonable times the accounts and books of the Contractor in accordance with the provisions of AAC Regulation 1.050(h)(1)(B). The Contractor shall keep full and accurate records and accounts of all its activities under this Contract, including, without limitation, reasonable substantiation of all expenses incurred, and all property acquired hereunder.
25. **ARTICLE 25 - CONFLICT OF INTEREST.** The Contractor shall act to prevent any actions or conditions which could result in a conflict with AAC's best interests. This obligation shall apply to the activities of Contractor's employees and agents in their relationships with AAC employees, their families, vendors, and subcontractors.

26. **ARTICLE 26 - OFFICIALS NOT TO BENEFIT.** The Contractor must comply with all applicable federal and state laws regulating ethical conduct of public officers and employees.
27. **ARTICLE 27 - COVENANT AGAINST CONTINGENT FEES.** The Contractor warrants that no person or agency has been employed or retained to solicit or secure this Purchase Order upon an agreement or understanding for a commission, percentage, contingent fee, or brokerage except employees or agencies maintained by the Contractor for the purpose of securing business. For the breach or violation of this warranty, AAC may terminate this Purchase Order without liability or in its discretion deduct from the Purchase Order price or consideration the full amount of the commission, percentage, brokerage, or contingent fee.
28. **ARTICLE 28 - CONFLICTING PROVISIONS.** Unless specifically provided in writing either in this Agreement or an amendment to this Agreement, the General Provisions of this Agreement supersede any other provisions.
29. **ARTICLE 29 - NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.** Confidential and proprietary information refers to any data or information relating to the business of AAC and any affiliated/partnered relationship which would reasonably be considered as proprietary to AAC, including but not limited to accounting records, business processes, business development prospects, strategic planning, client records, and customer contracts. Your firm will not disclose, divulge, reveal, report or use for any purpose any Confidential or Proprietary information obtained under this Agreement, except as authorized by AAC.



APPENDIX B
INSURANCE AND INDEMNIFICATION

Article 1 - Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, hold harmless, and defend Alaska Aerospace Corporation (AAC) from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify AAC for a claim of, or liability for, the independent negligence of AAC. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of AAC, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis, "Contractor" and "AAC", as used within this and the following articles, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in AAC's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2 - Insurance

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this Agreement the policies of insurance listed below. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If Contractor's policy contains higher limits, AAC shall be entitled to coverage to the extent of such higher limits. Certificates of insurance must be furnished to AAC prior to beginning work and must provide for a notice of cancellation, non-renewal or material change of conditions in accordance with policy provisions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with and be issued by insurers licensed to transact the business of insurance under AS 21 or of their applicable state regulations.

Article 3 - Worker's Compensation Insurance

The Contractor shall provide and maintain, for all employees engaged in work under this contract, worker's compensation insurance coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations, including but not limited to Federal U.S.L.&H and Jones Acts requirements. The policy must waive subrogation against the State.

Article 4 - Commercial General Liability

The Contractor shall provide commercial general liability coverage for all business premises and operations used by the Contractor, its subcontractor(s) or anyone directly or indirectly employed by them, in the performance of services under this agreement. The policy must waive subrogation against the State and must include AAC as additional insured. Combined single limits required are per the following schedule:

Contract Amount	Minimum Required Limits
Under \$100,000	\$500,000 per Occurrence/Annual Aggregate
\$100,000- \$499,999	\$1,000,000 per Occurrence/Annual Aggregate
\$500,000- \$999,999	\$2,000,000 per Occurrence/Annual Aggregate
Over \$1,000,000	Negotiable.

Article 5 - Automobile Liability

The Contractor shall provide automotive liability coverage for all vehicles used by the Contractor in the performance of services under this agreement, with minimum coverage limits of three-hundred thousand (\$300,000) combined single limit per claim. The policy must waive subrogation against the State and must include AAC as additional insured.

Article 6 - Aircraft Liability Insurance

If work involves use of aircraft, Aircraft Liability Insurance covering all owned and non-owned aircraft with a per occurrence limit of not less than \$5,000,000.00.

Article 7 – Marine Protection and Indemnity Insurance

If work involves the use of watercraft, Marine Protection and Indemnity (P&I) coverage with limits not less than \$100,000 per occurrence for all vessel operations. Hull and Machinery Coverage is to be carried on the vessel for the full current market value. This coverage requirement may be waived at the discretion of the AAC if the Contractor self-insures the equipment and will waive all rights of recovery against AAC in writing.