



**DOC 253-02**  
**ADMINISTRATIVE CLAUSES**

**01 PACKAGING AND SHIPMENT**

*Applicable when CONTRACTORS will be packaging or shipping Work.*

- (a) Shipments shall be packaged in accordance with sound commercial practices to meet minimum packing requirements of surface and air carriers and to afford adequate protection against damage considering the method of transportation used. Shipments shall be marked with the necessary handling instructions, purchase order number, ULA account number, and the consignee's name and address.
- (b) The CONTRACTOR agrees to package the articles described in the Schedule as separate shipments to ULA. However, shipments for more than one order may be consolidated into one outer shipping container if the articles described in the Schedule of each Contract are packaged separately and clearly identified to the appropriate order. Shipments via air carrier shall be marked with the actual gross weight and dimensions on each box or other outer container. Shipments of dangerous articles shall be marked and packaged in accordance with the appropriate Department of Transportation or other Governmental agency regulations.
- (c) Packaging and shipping of perishable goods requiring refrigeration must ensure proper protection and that such goods are received at the noted destination within specification requirements. Each shipping container of perishable goods will be marked indicating, in large, bold lettering that the goods are perishable and must be refrigerated. Rejections of perishable goods due to lack of refrigeration at destination due to improper labeling or marking of the shipping container will be charged to the CONTRACTOR.
- (d) The CONTRACTOR shall separately list returnable containers on the packing sheet and plainly mark the containers "RETURNABLE". For method of return the CONTRACTOR will state if freight collect or CONTRACTOR pickup. Parts lists for knockdown-type containers must be forwarded to the Procurement Representative. Failure to comply with these instructions will relieve ULA of all responsibility for payment for returnable containers that are not returned.
- (e) The CONTRACTOR shall consolidate all shipments to be forwarded on one day, and ship them on one Bill of Lading. When two or more methods of shipment are specified, one via premium route and the other via standard route, the CONTRACTOR agrees to consolidate the shipments by type of routing and forward them accordingly.
- (f) Shipments shall be delivered to the carrier's equipment at the Contractor's plant. If the facilities for shipment by the carrier's equipment are not available at the Contractor's plant, shipments shall be delivered to the nearest point where the carrier's service is available. These shipping instructions apply to all modes of transportation except rail when shipment occupies sufficient space in a railroad car to constitute a carload shipment. A carload shipment or shipment constituting a carload shipment shall be properly and adequately loaded and secured by the CONTRACTOR to prevent damage in transit.
- (g) A complete packing list shall be enclosed with all shipments. The CONTRACTOR shall mark containers or packages with necessary lifting, loading, and shipping information, including the ULA Contract number, item number and quantity, dates of shipment, and the names and addresses of consignor and consignee. Bill of Lading number and weight of shipment shall also be shown for shipment on Government Bill of Lading.
- (h) Shipments shall be released to the carrier at the maximum value applicable to the lowest published rate or classification rating, unless otherwise provided in this Contract.
- (i) Value shall not be declared in excess of the maximum value set forth on the carrier's tariff by those carriers who assess a value charge over and above a minimum value. The only exception to the above shall occur when the carrier's tariffs require actual valuations as a condition of acceptance, unless otherwise provided in this Contract.
- (j) "Ship to" instructions as set forth in the Schedule designate the appropriate consignee. All shipping documents, shipping labels, and packing sheets must show full and complete information as to the appropriate consignee. The CONTRACTOR agrees not to deviate from these "ship to" provisions without prior authorization from the Procurement Representative.

- (k) The first shipment received by ULA which falls within the quantity tolerance (either plus or minus) designated in an Contract will be considered as meeting the quantity requirements of the Contract. Any additional shipments against the Contract may be returned to the CONTRACTOR freight collect.
- (l) Articles delivered to ULA more than thirty (30) days in advance of the schedule set forth in the Contract may be returned at Contractor's expense.
- (m) For Supplier Acceptance Delegation Program Contractors, evidence of acceptance will be indicated by application of acceptance stamp to a label or tag adjacent to the part number to the lowest level of packaging. The stamp must include date of acceptance. Contract line items must be individually packaged and the supplier must not package supplier acceptance delegated items with non supplier acceptance delegated items.
- (n) For Special Cleaned items, the CONTRACTOR agrees to affix to the outer surfaces of the inner bag and the shipping container the following markings: part number, serial number, date, method of cleaning, method of packaging, inspection date for materials covered by ANA Bulletin 438a (when applicable) and the statement, "The inner bag must be opened in an approved dust-free room for testing or inspection." Test reports, data, and any necessary articles that have not been cleaned will be firmly attached to the exterior of the package enclosing the part. NOTE: Holes in the sealed area of the inner bag are not permitted.

## **02 DROP SHIPMENT TO ULA CONTRACTORS**

- (a) The SHIPPING CONTRACTOR agrees to complete the shipping supplier portion of the "Contractor - Shipping and Receiving Report" (S 915) provided by the Procurement Representative. Ship this report, any contractually required documentation, and the material to the CONTRACTOR identified in your Contract. A copy of the "Contractor - Shipping and Receiving Report" (S 915) and any contractually required documentation shall be forwarded to the Procurement Representative identified in your Contract.
- (b) The RECEIVING CONTRACTOR agrees to submit to ULA within three (3) workdays after receipt of material dropped shipped from a ULA CONTRACTOR, the completed "Contractor - Shipping and Receiving Report" (S 915), provided to you by the shipping contractor. Material received has been drop shipped to your facility for performance of requirements set forth in this Contract. Forward this report to the buyer identified in your Contract.

## **03 ROUTING /TRANSPORTATION**

*Applicable when CONTRACTOR will be shipping Work.*

The Procurement Representative shall provide to the CONTRACTOR the ULA Traffic routing direction. The CONTRACTOR agrees to notify the Procurement Representative of the delivery and routing details one (1) week prior to delivery of any articles described in the Schedule of this Contract.

## **04 SHIPPING QUANTITY TOLERANCE**

Quantities in excess of the Contract tolerance may be accepted by ULA as a no cost items or they may be returned to the CONTRACTOR at CONTRACTOR'S expense. ULA shall be liable for the price of only those quantities within tolerance or under tolerance that it accepts.

## **05 LIMITATION OF ULA'S OBLIGATION (INCREMENTAL FUNDING FOR FIXED PRICE CONTRACTS)**

*Applicable if the Contract is a Fixed-Price Contract and has incremental funding.*

- (a) Of the total price of this Contract, the sum presently available for payment and allotted to this Contract, and the period estimated to be covered by such sum, are set forth in the Contract Schedule. It is anticipated that from time to time additional funds will be allotted by ULA to this Contract by subsequent notices to the CONTRACTOR until the total price of the Contract is allotted.
- (b) The CONTRACTOR agrees to perform or have performed work on the items up to the point at which, in the event of termination of this Contract pursuant to the Termination for Convenience clause of the Contract, the total amount payable by ULA (including amounts payable in respect of subcontracts and settlement costs) pursuant to said clause would, in the reasonable judgment of the CONTRACTOR, approximate the total amount at that time allotted to the Contract. The CONTRACTOR is not obligated to continue performance of the work beyond that point. ULA is not obligated in any event to pay or reimburse the CONTRACTOR in excess of the amount from time to time allotted to the Contract,

notwithstanding anything to the contrary in the Termination of Convenience clause or any other clause of the Contract. The CONTRACTOR shall furnish upon request to ULA a schedule showing its anticipated requirements for periodic funding under this clause.

- (c) It is contemplated that the funds presently allotted to this Contract will cover the work to be performed, as limited by the provisions of (b) above, until the date set forth in the Schedule (the "fund expiration date"). In the event funds allotted are considered by the CONTRACTOR to be inadequate to cover the work to be performed until the fund expiration date, or an agreed date in substitution thereof, the CONTRACTOR shall notify ULA in writing when within the next thirty (30) days the work will reach a point which, in the event of termination pursuant to the "Termination" clause, the total amount payable by ULA, pursuant to said clause, will approximate eighty-five per cent (85) of the total amount then allotted to the Contract. The notice shall state the estimated date when such point will be reached and the estimated amount of additional funds required to continue performance to the fund expiration date. The CONTRACTOR shall, thirty (30) days prior to the fund expiration date advise ULA in writing as to the estimated amount of additional funds which will be required for the timely performance of this Contract for a further period as may be specified in this Contract or otherwise agreed to by the parties. If after such letter notification, additional funds are not allotted by the fund expiration date or by an agreed date in substitution therefore, ULA will, upon written request of the CONTRACTOR for the same, terminate this Contract on such date or the date set forth in the request, whichever is later, pursuant to the provisions of the clause of this Contract entitled, "Termination."
- (d) When additional funds are allotted from time to time for continued performance of the work under this Contract, the parties will agree as to the applicable period of Contract performance which will be covered by the funds. The provisions of (b) and (c) above will apply in like manner to the additional allotted funds and agreed substitute date, and the Contract will be amended accordingly.
- (e) If the CONTRACTOR incurs additional costs or is delayed in the performance of the work under this Contract solely by reason of failure of ULA to allot additional funds in amounts sufficient for timely performance of this Contract, and if additional funds are allotted, an equitable adjustment will be made in the price or prices (including appropriate target, billing, and ceiling prices where applicable) of the items or in the time of delivery or both. Failure to agree to any such equitable adjustment hereunder will be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled, "Disputes."
- (f) ULA may at any time prior to termination and, with the consent of the CONTRACTOR, after notice of termination, allot additional funds for this Contract.
- (g) The provisions of this clause with respect to termination will not be deemed to limit the rights of ULA under the clause entitled, "Default." This clause will become inoperative upon the allotment of funds for the total price of the work.
- (h) Nothing in this clause affects the right of ULA to terminate this Contract pursuant to the Termination for Convenience clause of this Contract.

## 06 SALES TAXES

*Applicable if sales taxes apply to the Contract.*

Exemption from sales/use tax shall be determined by reference to applicable state law:

- a) **If delivery is in ALABAMA:** If the purchase is a component part, or is used as an ingredient of a manufactured product for resale, the item is not taxable under Alabama Sales and Use Tax. Property purchased to be incorporated into real property is taxable. Generally, builders, contractors or landowners are liable for tax, at the time of purchase, on all building materials used in adding to, repairing or altering real property. Contractors or builders must pay sales or use tax either to the seller or directly to the Department of Revenue on all equipment, materials, tools, and supplies used or consumed in operating their businesses and all building materials attached by them to real property, unless it qualifies for a specific exemption. CONTRACTORS should not invoice ULA sales tax on materials incorporated or consumed in the provision of their service.

ULA is engaged in the manufacture of space launch vehicles for sale to the United States Government and commercial purposes, and is licensed under Alabama Department of Revenue Account No. 5200-17432. The purchase must be for resale and not be used by ULA employees.

- b) **If delivery is in CALIFORNIA:** If the purchase is property described in the contract for resale (i.e. Launch Vehicle), then the purchase is not taxable under California Sales and Use Tax. All other purchases are taxable, and the taxes should be included in and paid as part of the subcontract with the supplier. Construction contractors are consumers of materials

furnished and installed in the performance of construction contracts. Sales/Use tax applies to the sale of materials to or used by the contractor. A contractor may contract to sell materials and also to install materials sold. If the Contract explicitly provides for the transfer of title to materials before installation, and separately states their price, exclusive of installation charge, the contractor is deemed a retailer. It will be assumed that a contractor is a retailer, under a time and material contract, if he bills the customer for sales tax based on materials billing, in the absence of evidence to the contrary.

ULA is engaged in the manufacture of space launch vehicles for sale to the United States Government and commercial purposes, and is licensed under California Seller's Permit No. SR Y OHB 100-690879. If the purchase is used for any purpose other than retention, demonstration, or display while holding for sale, the item becomes taxable.

- c) **If delivery is in COLORADO:** If the purchase is a component part, or used as an ingredient of a manufactured product for resale, the item is not taxable under Colorado Sales & Use Tax. All other purchases are taxable, and the taxes must be included in and paid as part of the subcontract with the supplier. Invoices must display labor, all materials and sales taxes paid. Property purchased for inclusion in real property is taxable, and the taxes should be included in and paid as part of the subcontract with the supplier. Lump-sum contracts to build or improve real property are not taxable to ULA, instead the subcontractor must pay sales/use tax on their purchase of tangible property incorporated into or consumed in the provision of the lump-sum contract.

ULA is engaged in the manufacture of space launch vehicles, and is licensed under Colorado Sales Tax & Consumers Use Tax license No. 07-83585. The purchase must be for resale and not to be used by ULA employees.

- d) **If delivery is in FLORIDA:** If the purchase is a component part, or used as an ingredient of a manufactured product for resale, the item is not taxable under Florida Sales and Use Tax. Property purchased for inclusion in real property is taxable, and the taxes should be included in and paid as part of the subcontract with the supplier. Contractors are the ultimate consumers of the materials and supplies they use to perform real property contracts. They must, therefore, pay tax on their costs of those materials and supplies, unless the contractor has entered into a retail sale plus installation contract. They should also pay tax on all materials they fabricate for their own use in performing the contracts. Contractors should charge no tax to their customers, regardless of whether they itemize charges for materials and labor in their proposals or invoices, because they are not engaged in selling tangible personal property.

ULA is engaged in the manufacture of space launch vehicles for sale to the United States Government and for commercial purposes, and is licensed under Florida Certificate of Registration No. 15-8013437027-9. The purchase must be for resale and not be used by ULA employees.

- e) **If delivery is in TEXAS:** If the purchase is a component part, or used as an ingredient of a manufactured product for resale, the item is not taxable under Texas Sales and Use Tax. All other purchases are taxable, and the taxes must be included in and paid as part of the subcontract with the supplier. Invoices must display labor, all materials and sales taxes paid. Lump-sum and other contracts: A contractor is the consumer of tangible personal property furnished and incorporated into a customer's property if the contract is for a lump sum covering both the performance of the service and the furnishing of the necessary incidental material. If the contract is not for a lump sum, the contractor is the seller of tangible personal property furnished and incorporated into the property of the customer and the contractor must collect tax. The tax rate is applied to the price of the materials as agreed in the contract or the price of the materials to the contractor, whichever is the greater.

ULA is engaged in the manufacture of space launch vehicles and is licensed in the State of Texas Taxpayer No. 1-8106738455. The purchase must be for resale or otherwise incorporated into the launch vehicle and not be used by ULA employees.