

ARMY & AIR FORCE EXCHANGE SERVICE
SOLICITATION/PROPOSAL/AWARD
(MERCHANDISE, SUPPLIES, EQUIPMENT, AND/OR SERVICES)

ISSUING OFFICE ARMY & AIR FORCE EXCHANGE SERVICE SF - S/V (KATRINA JONES) 3911 S WALTON WALKER BLVD DALLAS, TX 75236-1598	CONTRACTING OFFICER TANISHA DAVIS	
	TELEPHONE NO. 214-312-3184	CONTRACT CONTROL NO. (If Applicable) N/A
	ITEMS/SERVICE Barber - Fort Gordon, Georgia	

SOLICITATION FOR PROPOSALS

DATE ISSUED 28 Oct 2013	SOLICITATION NUMBER SF 07-013-13-505
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Proposals are solicited for merchandise, supplies, equipment or services described in this solicitation. Written proposals must be received at the issuing office by 2:00 o'clock p m, local time 18 Nov 2013


PROPOSAL (To Be Completed By Offeror)

The offeror agrees, if awarded all or part of the items and/or services solicited, to furnish them according to the price(s)/fee(s), terms and conditions contained in the solicitation and proposal. This proposal will be valid for _____ calendar days (60 calendar days unless a different period is entered by offeror) after the date for receipt of proposals established above.

OFFEROR REPRESENTS (Check appropriate boxes)

- That it is is not a manufacturer or producer of, is is not a regular dealer in; the items provided or (Commodity contracts only).
- That it is is not engaged in furnishing of services of the type called for herein (Service contracts only).
- That it operates as an Individual Partnership Corporation, incorporated in the States or Country of _____
- That it is is not a small business. X - LIMITED LIABILITY COMPANY
- That it is is not a minority business enterprise. (See definition of page 2)*
- That it is is not a woman-owned business. (See definition of page 2)*
- That an owner or officer of the firm or the firm or a related firm has has not been convicted of a felony related to a business transaction.
- That an owner or officer of the firm or the firm or a related firm has has not been suspended or debarred.
- That the information provided is full, accurate and complete. For breach of this warranty. The Exchange may terminate for default any contract resulting from this solicitation and all other Exchange contracts.

*Check a block for all contracts to be performed in the United States, its possessions and Puerto Rico.

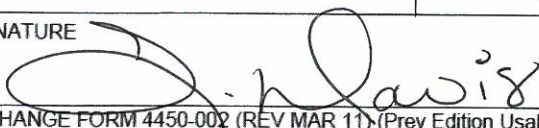
FULL NAME AND BUSINESS ADDRESS OF OFFEROR (STREET, CITY, STATE & ZIP CODE OR COUNTRY) GINO MORENA ENTERPRISES, LLC 111 STARLITE STREET SOUTH SAN FRANCISCO, CA 94080	TELEPHONE NUMBER/FAX NUMBER/EMAIL ADDRESS ADMIN2@GINOMORENA.COM 650-871-0363 / 650-871-1379 FAX	
	SIGNATURE OF PERSON AUTHORIZED TO SIGN PROPOSAL 	DATE 13 Nov. 2013
TIN 94-3403485	DUNS 07-188-8440	TYPED OR PRINTED NAME AND TITLE REX MORENA, PRESIDENT & CEO

ACCEPTANCE AND AWARD (To Be Completed By the Exchange)

CONTRACT AWARDED FOR FOLLOWING:

Contract is awarded for a 5 year period, subject to Amendment No. One (1) dated 14 November 2013, which is attached hereto and is made a part of the contract.

FEE: 24.78%
FEE DEPOSIT: \$10,779 is required.

CONTRACT NO. GOR 13-505	AMOUNT: <input checked="" type="checkbox"/> ESTIMATED \$ 5,220,000.00 <input type="checkbox"/> ACTUAL	DATE OF AWARD DEC 26 2013
SIGNATURE 	(TYPED NAME) TANISHA DAVIS CONTRACTING OFFICER ARMY & AIR FORCE EXCHANGE SERVICE	

EXCHANGE FORM 4450-002 (REV MAR 11) (Prev Edition Usable)

INSTRUCTIONS TO OFFERORS AND
CONDITIONS OF PROPOSAL/AWARDS
(Merchandise, Supplies, Equipment and/or Services)

BEST COPY AVAILABLE
FA-16-0199

1. CONTENTS OF SOLICITATION/CONTRACT:

This solicitation and any resulting contract consists of EXCHANGE FORM 4450-2, Solicitation/Proposal/Award Merchandise, Supplies, Equipment and/or Services), pages 1 thru 4, and the following listed Schedule and Exhibits.

<input checked="" type="checkbox"/> Schedule, Solicitation No. SF 07-013-13-505	,page(s) 1	through 2
<input checked="" type="checkbox"/> Exhibit A, GENERAL PROVISIONS CONCESSIONS (APRIL 2012)	,page(s) 1	through 9
<input checked="" type="checkbox"/> Exhibit B, LABOR PROVISIONS, Contract for Services (with SCA) (MAY 2012)	,page(s) 1	through 6
<input checked="" type="checkbox"/> Exhibit C, SPECIAL PROVISIONS (Concession Contracts) (JAN 2013)	,page(s) 1	through 15
<input checked="" type="checkbox"/> Exhibit D, PRICE SCHEDULE	,page(s) 1	through 4
<input checked="" type="checkbox"/> Exhibit E, FEE SCHEDULE	,page(s) 1	through 1
<input checked="" type="checkbox"/> Exhibit F, INSURANCE REQUIREMENTS	,page(s) 1	through 2
<input checked="" type="checkbox"/> Exhibit G, CONCESSIONAIRE FURNISHED EQUIPMENT	,page(s) 1	through 3
<input checked="" type="checkbox"/> Exhibit H, PERFORMANCE SPECIFICATIONS	,page(s) 1	through 7
<input checked="" type="checkbox"/> Exhibit I, EXCHANGE FURNISHED EQUIPMENT	,page(s) 1	through 1
<input checked="" type="checkbox"/> Exhibit J, U.S. Department of Labor WAGE DETERMINATION No. 1986-1357	,page(s) 1	through 22
<input type="checkbox"/> Exhibit (Rev #12) dated 10/21/2013	,page(s)	through
<input type="checkbox"/> Exhibit	,page(s)	through
<input type="checkbox"/> Exhibit	,page(s)	through

2. SUBMISSION OF PROPOSALS:

a. Offerors have been provided one complete copy of the solicitation as identified above, and two proposal packages. Each proposal package consists of EXCHANGE FORM 4450-2, Solicitation/Proposal/Award pages 1 thru 4, and the schedule or exhibits listed below. Also, for service contracts, a Financial and Technical Capability Data Sheet and a Projected Operation Statement are included if checked below.

<input checked="" type="checkbox"/> Financial and Technical Capability Data sheet, if checked.	<input checked="" type="checkbox"/> Operating Statement, if checked.
<input type="checkbox"/>	_____
<input checked="" type="checkbox"/> Exhibit E	,page(s) 1 through 1
<input type="checkbox"/> Exhibit	,page(s) through
<input type="checkbox"/> Exhibit	,page(s) through

b. To make a proposal, complete, sign and return two proposal packages.

3. DEFINITIONS:

a. The term "minority business" means a business concern (1) which is at least 51 percent owned by minority group members; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more minority group members, and (2) whose management and daily business operations are controlled by one or more such minority group members. For purposes of this definition, minority group members include Black Americans, Hispanic Americans, Asian-Pacific Americans, Asian-Indian Americans, and Native Americans (such as American Indians, Eskimos, Aleuts and Native Hawaiians).

b. The term "women-owned business" means that is at least 51 percent owned by a woman or women who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management.

4. PROPOSAL PREPARATION:

- a. You are encouraged to contact the contracting officer if you have a question concerning this solicitation. Information about the solicitation furnished any prospective offeror will be furnished all prospective offerors.
- b. Furnish all information required by the solicitation on the forms provided. Failure to do so may result in the proposal being considered non-responsive and excluded from consideration for award.
- c. Erasures or changes must be initialed by the person signing the proposal.
- d. The person signing the proposal must have authority to obligate the firm contractually.
- e. Unless otherwise authorized by the solicitation, any alteration to the terms and conditions contained in the solicitation may render offeror's proposal non-responsive.

5. SUBMISSION - Proposals and modifications, if any, must be sent in a sealed envelope addressed to the issuing office with the offer's name (for identification only) and the solicitation number on the front. Telegraphic proposals will NOT be considered unless authorized in the solicitation; however, proposals may be modified by telegraphic notice provided it is received before the time and date set for receipt of proposals.

6. LATE PROPOSALS - The Exchange reserves the right to consider proposals or modifications received late, but before award is made, should such action be to the Exchange advantage.

7. WITHDRAWAL - Proposals may be withdrawn by written notice or telegram received at any time prior to award.

8. NO PROPOSAL - If you don't submit a proposal, DO NOT return the solicitation or proposal packages unless instructed to elsewhere in the solicitation. However, please send us a letter or postcard telling us if you're interested in receiving future solicitations for this type of items or services.

9. ELIGIBILITY OF PROPOSED CONTRACTOR (S):

a. Proposals for merchandise, supplies or equipment will not be considered for award unless submitted by manufacturers or producers of, prime sources, or regular dealers, in the items required.

b. Proposals for services will not be considered unless submitted by persons or firms who, currently or within the preceding six (6) years, have successfully owned, operated, or managed in a full time capacity, for over twelve consecutive months, a business identical or having similar technical and operational characteristics as the service solicited. The phrase operated or managed means the offeror has/had a direct involvement in the day-to-day operation of the business to include responsibility for employment, supervision, scheduling production/services, payroll, and purchasing. The monthly sales volume of the offeror's business must equal or exceed the estimated monthly sales of the proposed concession activity. The Exchange reserves the right to waive all or part of the qualification requirements in the event it is determined to be in the Exchange's best interests.

c. Proposals will not be considered if submitted by brokers, active duty military personnel or U.S. Government employees. This prohibition includes immediate family members of these personnel residing in the same household, unless approved before award of contract.

d. The offeror must have adequate resources to perform the resulting contract and, upon request, furnish proof of same to the contracting officer. The contracting officer may request a financial statement, a cost breakdown, a projected operating statement, or other data from any offeror. Failure to furnish the data requested within the time specified may cause a firm to be determined non-responsible. The Exchange further reserves the right to determine the responsibility of the offerors based on factors including but not limited to the offeror's financial resources, business capacity, performance record, integrity, management/business acumen, technical ability and facilities/equipment.

10. DISCOUNTS (Not applicable to procurements of edible meat, meat food products, dairy products, edible fats or oils, or concession services.) - Prompt payment discounts will be included in the evaluation of proposals provided the period of the offered discount is 20 days or more. Even if not evaluated for award, all discount terms offered will become a part of any resulting contract.

11. ACCEPTANCE AND AWARD

a. The Exchange reserves the right to reject any or all proposals, to waive or correct informalities and minor irregularities in proposals received, and to conduct further negotiations with any or all offerors.

b. Unless otherwise stated in the solicitation (and in the absence of any express limitation made by the offeror), the Exchange may accept all or any part of any proposal, without further negotiations. Proposals should therefore contain the offeror's most favorable terms. Any further negotiations undertaken will not constitute a rejection or counteroffer on the part of the Exchange.

c. When quantities for merchandise, supplies or equipment stated in the solicitation are estimated, the Exchange reserves the right to make an award on any item for the quantity less than the quantity proposed at the unit price offered unless the offeror's proposal specifies otherwise.

d. The Exchange plans to award a contract to the responsive, responsible offeror whose proposal is best for the Exchange, price/fee and other factors set out in the solicitation considered. The Exchange reserves the right to accept other than the lowest proposal, and to make multiple awards unless otherwise provided in the Schedule.

e. Contracting Officer will award the contract by completing the "ACCEPTANCE AND AWARD" block on page 1, signing the contract, obtaining any approvals required by the Exchange directives, and mailing or otherwise furnishing the successful offeror a copy of the completed contract within the time allowed for acceptance of the offeror.

12. INCONSISTENCIES - In the event of an inconsistency between the provisions of this solicitation, the inconsistency will be resolved by giving precedence in the following order: (a) the Schedule; (b) Instructions to Offerors and Conditions of Proposals/Awards; (c) General Provisions; (d) Other provisions of the contract whether incorporated by reference or otherwise; (e) the Specifications; and (f) the Drawings.

13. CERTIFICATE OF INDEPENDENT PROPOSAL DETERMINATION - Offeror certifies that this proposal or any change thereto is made without consultation, communication, or agreement, for the purpose of restricting competition or manipulating awards, and this proposal has not been disclosed and will not be disclosed prior to award.

14. PROPRIETARY INFORMATION - The Exchange will not be bound by any language in any offer purporting to limit the Exchange's right to use or disclose any offer or any part of an offer because of proprietary information in it, unless the contracting officer specifically agrees in writing to such limitations.

15. TAXPAYER IDENTIFYING NUMBER (TIN) - The 9-digit TIN is an identifier required of all individuals and businesses that file tax returns in the United States. For individuals eligible for a social security number (SSN), the SSN assigned by the Social Security Administration serves as the TIN. For resident or non-resident aliens ineligible for a SSN, the individual taxpayer identification number (ITIN) assigned by the IRS serves as the TIN. The Employer Identification Number (EIN) assigned by the IRS serves as the TIN for businesses and entities other than individuals. Failure to provide the TIN may result in a proposal being found non-responsive and not further considered for award.

SECTION I

Instructions to Offerors -- Amendment of Solicitation. The following instructions apply unless specified otherwise in an Exchange letter accompanying this amendment.

a. Offerors must acknowledge receipt of this amendment prior to the hour and date specified for receipt of proposals in the original solicitation, or the hour and date specified in this amendment if such has been amended. Offeror must acknowledge by one of the following means:

- (1) By signing and returning all except one copy of this amendment.
- (2) By acknowledging receipt of this amendment on each copy of the proposal submitted;
- (3) By separate letter or telegram which includes a reference to the solicitation and amendment number.

b. Proposals must be based upon and refer to the solicitation as amended. Unless an acknowledgment of this amendment is received by the contracting officer before the hour and date specified for receipt of proposals, offeror's proposal may be considered nonresponsive.

c. If you desire to revise a proposal previously submitted, such revision must be received prior to the hour and date specified for receipt of proposals enclosed in a sealed envelope addressed to the issuing office, with the name and address of the offeror and the solicitation number on the face of the envelope. Telegraphic proposals will not be considered unless authorized by the solicitation; however, proposals may be modified by telegraphic notice provided such notice is received prior to the time set for receipt of proposals. Telegraphic modifications should not reveal the amount of the original or of the revised proposal.

SECTION II

Instructions to Contractor -- Amendment of Contract.

Unless otherwise instructed, all except one copy of this amendment are to be executed by the person authorized to bind the firm contractually and returned to the contracting officer. The effective date will be the date the amendment is signed in block 6 by the contracting officer or the date(s) indicated in block 4, whichever is later.

1. What is the current Fee?
 - The current Fee is 24.00%
2. How many barber stations are currently in the shops?
 - Below are the current number of stations per shop. The number of stations required in the solicitation are the same:
 - Bldg 38200 (Main) – 10 Chairs
 - Bldg 300 (Hospital) – 1 Chair
 - Bldg 25711 (Troop area) – 3 Chairs
3. How many haircuts per hour are completed in the shops?
 - The below numbers are estimations only based upon current average sales:
 - Bldg 38200 - 24
 - Bldg 300 - 2
 - Bldg 25711 - 2
4. Is there a beauty salon in operation on the base?
 - Yes
5. Operating under new ownership, would the franchisee be able to offer additional services including hair color and waxing services?
 - No, Hair color and waxing are not authorized in our barber shop contracts
6. Is there a reason the Estimated Monthly Sales of \$ 87,000 when current sales are \$ 79,714 per month and the basic haircut price is dropping by \$ 0.45?
 - The local exchange management has stated there will be additional personnel of approximately 2,000 on the base by 2015, which is one of the reasons we anticipate an increase in monthly sales. The price decrease of haircuts was reviewed and it was determined that the price will remain at the current price of \$9.90 (See Attachment #3).
7. How long is it estimated that the contractor may have to stay in a trailer or other location if asked to relocate during certain phases of construction?
 - We estimate that the barber shop will be in the trailer for 3 to 6 months, during the very last phase of the construction; hopefully, this won't cause too much of an adverse effect on sales.

SCHEDULE

1. **General:** Proposals are solicited to establish a contract for concession operation of exchange barber shop(s) operating under the Exchange-owned Image and Identity standards "Barber Shop" at **Fort Gordon, Augusta, Georgia.**

2. **Contract Period:** Service under this contract will begin on **23 January 2014.** The contract period will be established at the time of award based on the most competitive proposal received and normally will not be extended beyond the initial award period. Therefore, offer your most competitive fee proposal for the contract period that is most advantageous to you. In no event will the contract period exceed five (5) years from the date established above for commencement of service.

3. **Sales Data:** The gross sales have averaged \$79,714 per month for barber services for the 12-month period shown below. The actual sales for each month of this period are:

BLDG 38200 (Main Store)

MONTH/YEAR	BARBER SERVICES
AUG 2013	\$74,293
JUL 2013	\$73,606
JUN 2013	\$74,758
MAY 2013	\$70,723
APR 2013	\$75,434
MAR 2013	\$69,905
FEB 2013	\$69,804
JAN 2013	\$67,502
DEC 2012	\$72,587
NOV 2012	\$73,404
OCT 2012	\$70,334
SEP 2012	\$72,619

BLDG 25711 (Troop Area)

MONTH/YEAR	BARBER SERVICES
AUG 2013	\$ 4,198
JUL 2013	\$ 4,821
JUN 2013	\$ 4,128
MAY 2013	\$ 5,366
APR 2013	\$ 5,663
MAR 2013	\$ 3,970
FEB 2013	\$ 3,881
JAN 2013	\$ 3,891
DEC 2012	\$ 5,346
NOV 2012	\$ 5,666
OCT 2012	\$ 4,869
SEP 2012	\$ 3,670

BLDG 300 Hospital

MONTH/YEAR	BARBER SERVICES
AUG 2013	\$ 3,213
JUL 2013	\$ 2,832
JUN 2013	\$ 3,163
MAY 2013	\$ 3,222
APR 2013	\$ 2,931
MAR 2013	\$ 2,965
FEB 2013	\$ 3,434
JAN 2013	\$ 2,198
DEC 2012	\$ 2,924
NOV 2012	\$ 3,462
OCT 2012	\$ 2,609
SEP 2012	\$ 3,173

Gross sales of the operation resulting from this solicitation are estimated to average approximately **\$87,000** for barber services per month. The sales figures provided in this solicitation are based upon sales reported to the Exchange by the prior contractor for the past 12 months. The level of sales may vary from these figures, depending upon the specific actions and business practices of an individual contractor. The Exchange makes no guarantee, either express or implied, that a contractor can achieve the amount of sales obtained by the previous contractor and listed in this solicitation.

4. **Prices:** The prices to be charged, services to be performed and items to be sold are fixed in Exhibit D, Price Schedule.
5. **Fee:** Offerors must enter fee proposals in Exhibit E, Fee Schedule.
6. **Award:** Award of contract will be according to the Acceptance and Award paragraph of Instructions to Offerors and Conditions of Proposals/Awards, the Exchange Form 4450-2. Contract(s) will be awarded to the responsive and responsible offeror(s) submitting the most advantageous proposal for each of the areas identified in paragraph 1 above.
7. **Facility:** The location(s) and POSTED operating hours for the concession are listed below.

<u>LOCATION</u>	<u>MON - FRI</u>	<u>SAT</u>	<u>SUN</u>
*BLDG 38200 (Main Store)	0800-1900	0900-1700	1000-1700
BLDG 25711 (Troop Area)	1000-1900	1000-1600	CLOSED

<u>LOCATION</u>	<u>MON - THUR</u>	<u>FRI</u>	<u>SAT - SUN</u>
BLDG 300 (Hospital)	0830-1600	0830-1300	CLOSED

NOTE: Construction of a new Main Store is expected to begin Fall of 2013 and completed by Spring of 2015. Concessionaire may be asked to relocate to a trailer or other area during certain phases of the project.

8. **Charge Cards:** Concessionaire will accept charge cards in accordance with clause 30, Charge Card/Military Star Card Sales, of Exhibit C, Special Provisions.
9. **Alterations:** Paragraph 8b. of Exhibit A, General Provision, is deleted and replaced with the following:

b. This contract may be terminated in whole or in part by either party upon thirty (30) days notice (ninety (90) days for barber, beauty, and vending contracts) in writing to the other party.

EXHIBIT A
GENERAL PROVISIONS CONCESSIONS
(APR 12)

1. Legal Status (APR 12)
2. Authority to Bind (NOV 95)
3. Procurement Integrity (APR 12)
4. Oral Representations (JAN 94)
5. Modifications and Additions (MAY 04)
6. Subcontracting (JUN 94)
7. Assignment - Services (APR 12)
8. Termination (JUN 94)
9. Permits, Licenses and Applicable Laws (JAN 94)
10. Indemnify and Hold Harmless (MAY 91)
11. Disputes (APR 12)
12. Nonwaiver of Defaults (SEP 91)
13. Advertisements (AUG 08)
14. Examination of Records (AUG 08)
15. Contractor Personnel and Representatives (AUG 08)
16. Environmental Protection (AUG 09)
17. Contractor Liability - Services (MAY 04)
18. Drug-free Workplace (AUG 92)
19. Restrictions on Purchases of Foreign Goods (MAY 04)
20. Payment by Electronic Funds Transfer (OCT 98)
21. Choice of Law and Forum (OCT 11)
22. Privacy Act (APR 12)
23. Payment Card Industry (PCI) Compliance (OCT 10)
24. Green Clause (AUG 08)
25. Performance (AUG 09)
26. Combating Trafficking in Persons (AUG 09)
27. Personal Identity Verification of Contractor Personnel (MAY 11)
28. Army and Air Force Exchange Service Rights (Unlimited) (APR 12)

GENERAL PROVISIONS CONCESSIONS**1. LEGAL STATUS (APR 12).**

The Army and Air Force Exchange Service (hereinafter and as known in commerce, the "Exchange"), including its activities, offices, and individual exchanges, is an integral part of the Departments of the Army and Air Force and an instrumentality of the United States Government. Exchange contracts are United States contracts; however, they do not obligate appropriated funds of the United States. Exchange procurement policy is established by applicable directives and instructions promulgated by the Department of Defense. The Federal Acquisition Regulation (FAR) does not apply to the Exchange.

2. AUTHORITY TO BIND (NOV 95).

a. "Contracting Officer" means a person authorized by the Director/CEO, Army and Air Force Exchange Service to execute and administer contracts, purchase orders, or other agreements on behalf of the Exchange. Only contracting officers may waive or change contract terms; impose additional contract requirements; issue cure, show-cause and termination notices; issue claims against contractors, and issue final decisions on contractor claims.

b. The contracting officer may authorize other Exchange and government officials to perform actions of an administrative nature, such as conducting inspections and audits; placing orders against existing contracts; forwarding requests for contract changes to the contracting officer; collecting contract payments, and processing routine documents. These officials are not contracting officers, as defined in a. above.

c. The Exchange has no obligation to recognize or accept waivers or changes to this contract that result from the actions of officials other than the contracting officer. The contracting officer may deny claims based on such actions. Contractors should refer questions concerning the authority of other Exchange or government officials to the contracting officer.

3. PROCUREMENT INTEGRITY (APR 12).

a. By submission of an offer or performance of this contract, the offeror or contractor certifies with respect to this Exchange purchase action:

(1) that no discussion, offer or promise of future employment or business opportunity has been or will be made to the Exchange civilian or military personnel who participated personally and substantially in the purchase action;

(2) that no offer, promise or gift of any gratuity, entertainment, money, or other thing of value has been or will be made to any Exchange civilian or military personnel or any other employee of the United States Government or member of their family or household;

(3) no proprietary information of other offerors or other purchasing information (offeror list, prices offered, technical evaluations or rankings, etc.) is sought or obtained until it is available to the public under the Exchange procedures.

(4) that no person or selling agency has been employed or retained to secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee except bona fide employees or bona fide established commercial selling agencies retained by the contractor for the purpose of securing business.

b. Contractor certifies that no gratuities (entertainment, gifts, money, kickbacks or other things of value) were or will be solicited or accepted by the contractor, or any person representing the contractor, from any subcontractor or person representing the subcontractor, for the purpose of obtaining or rewarding favorable treatment in connection with this contract or any subcontract under it.

c. Contractor will report in writing to the Director, Loss Prevention Directorate, any possible violation of this clause when the contractor has reasonable grounds to believe a violation may have occurred. The contractor shall cooperate fully with any federal agency investigation of a possible violation of this clause.

d. For breach of any of these certifications, the Exchange may terminate this contract for default and/or deduct from amounts due under this or other contracts, or charge contractor for, the total value of any contingent fee, gratuity or kickback or other loss to the Exchange arising out of the breach.

4. ORAL REPRESENTATIONS (JAN 94).

This contract represents the entire agreement of the parties. Any changes or amendments thereto may not be recognized by the Exchange unless committed to writing and incorporated by reference into the contract by the contracting officer.

5. MODIFICATIONS AND ADDITIONS (MAY 04).

a. Except as otherwise specifically provided in this contract, all changes, modifications, additions or deletions to this

contract must be prepared in writing as formal amendments signed by both parties and approved in accordance with provisions of applicable regulations.

b. Unilateral Amendments: The contracting officer may make unilateral amendments to the contract to incorporate administrative changes, provided such changes are within the general scope of the contract.

6. SUBCONTRACTING (JUN 94).

Contractor shall not subcontract any part of the work to be performed without the prior written consent of the contracting officer. Any subcontractor used in connection with this contract is the agent of the contractor and not the agent of the Exchange.

7. ASSIGNMENT - SERVICES (APR 12).

The Assignment of Claims Acts, 31 U.S.C. 3727 and 41 U.S.C. 15, are not applicable to amounts due under the Exchange contracts. Contractor may not assign its rights or delegate its obligations under this contract, and the Exchange will neither consent to, nor recognize, any purported assignment. Contractor may request permission from the contracting officer to have contract payments forwarded to a third party. Contractor may request that the contract be novated.

8. TERMINATION (JUN 94).

Relative to termination of this contract, it is mutually agreed:

a. This contract may be terminated in whole or in part by either party immediately upon written notice to the other party in the event of breach of this contract by the other party.

b. This contract may be terminated in whole or in part by either party upon thirty (30) days notice (ninety (90) days for vending contracts) in writing to the other party.

c. This contract is automatically terminated upon the dispatch of written notice to contractor in the event the exchange is inactivated or the installation at which the exchange is located is inactivated. If this contract covers services to be performed at various exchanges or installations and only one or more of the exchanges or installations is inactivated, then only that portion of the contract being performed at the inactivated exchange or installation is terminated.

9. PERMITS, LICENSES AND APPLICABLE LAWS (JAN 94).

Contractor warrants that all necessary permits and licenses have been obtained and that the merchandise, services, supplies, and/or equipment provided under this contract are in compliance with applicable laws.

10. INDEMNIFY AND HOLD HARMLESS (MAY 91).

a. Contractor will indemnify, hold harmless and defend the Exchange and all other agencies and Instrumentalities of the United States, their agents, representatives, employees and customers from any and all suits, judgments and claims, including those established by or pursuant to court decisions, to international agreements, or duly promulgated regulations of the United States Government, and all charges and expenses incident thereto which arise out of any of the following:

(1) The alleged or established violation or infringement of any patent, copyright or trademark rights asserted by any third party with regard to items or services provided by contractor;

(2) Loss, damage, or injury alleged or established to have arisen out of or in connection with items or services provided by contractor, unless such loss, damage, or injury was caused by or resulted solely from the acts or omissions of the Exchange, its agents, representatives, or employees;

(3) Any loss, damage, or injury alleged or established to have arisen out of or in connection with any other acts or omissions of the contractor.

b. The Exchange will give contractor notice and an opportunity to defend.

11. DISPUTES (APR 12).

a. All disputes arising under or relating to this contract shall be resolved under this clause.

b. "Claim" as used in this clause means a written demand or written assertion by one of the contracting parties seeking the payment of money in a sum certain or other relief arising under or relating to this contract. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under this paragraph.

c. A claim by the contractor shall be made in writing and submitted to the contracting officer for a written decision. A claim by the Exchange against the contractor shall be made by a written decision by the contracting officer.

d. For contractor claims exceeding \$100,000, the contractor shall submit with the claim a signed certification that:

(1) The claim is made in good faith;

(2) Supporting data are accurate and complete to the best of the contractor's knowledge and belief; and

(3) The amount requested accurately reflects the contract adjustment for which the contractor believes the Exchange is liable.

- e. The claim must be executed by an individual with authority to bind the contractor.
- f. The contracting officer will mail or otherwise furnish a written decision in response to a contractor claim within 60 days. If more time is necessary to investigate and process the claim, the Exchange will notify the contractor. For contractor claims that do not exceed \$100,000, no answer by the contracting officer within the designated timeframe is a denial of the claim. Such decision by the contracting officer shall be final and conclusive unless within 30 calendar days from the date of contractor's receipt of the final decision, the contractor appeals the decision to the Armed Services Board of Contract Appeals (ASBCA).
- g. Pending final resolution on any request for relief, claim, appeal, or action arising under or relating to this contract, contractor will proceed diligently with the performance of this contract and will comply with the contracting officer's decision.
- h. Submission of false claims to the Exchange is a violation of federal law and may result in civil and/or criminal penalties. If the contractor cannot support all or part of its claim as a result of fraud or misrepresentation of fact, then in addition to other remedies or penalties provided for by law, the contractor will pay the Exchange an amount equal to the unsupported part of the claim and all Exchange costs attributable to reviewing that part of the claim.

12. NONWAIVER OF DEFAULTS (SEP 91).

Any failure by the Exchange at any time to enforce or require strict performance of any terms or conditions shall not constitute waiver thereof, and shall not affect or impair such terms or conditions in any way or the Exchange's right at any time to avail itself of such remedies as it may have for any breach or breaches of such terms or conditions.

13. ADVERTISEMENTS (AUG 08).

Contractor will not represent in any manner, expressly or by implication, that products purchased under this contract are approved or endorsed by any element of the United States, including the Exchange. All contractor advertisements that refer to the Exchange or military exchanges will contain a statement that the advertisement was neither paid for nor sponsored, in whole, or in part, by the Exchange, the military exchange system, or the United States Government.

14. EXAMINATION OF RECORDS (AUG 08).

- a. This clause applies if the amount of the contract exceeds \$10,000 and the contract was entered into by means of negotiation. The contractor agrees that the contracting officer or his duly authorized representative will have the right to examine and audit the books and records of the contractor directly pertaining to the contract during the period of the contract and until the expiration of three years after the final payment under the contract. The contractor agrees to include this clause in all subcontracts that exceed \$10,000.
- b. "General Accountability Office" may be substituted for "contracting officer or his duly authorized representative" when the prospective contractor does not accept the standard wording of the examination clause.
- c. Contracts awarded to foreign contractors may exclude the examination clause when its use is precluded by the laws of the country involved, subject to the approval of the servicing Exchange General Counsel (Exchange HQ and Exchange Europe). Contract files will be in such circumstances be documented to show the basis for exclusion of the clause.

15. CONTRACTOR PERSONNEL AND REPRESENTATIVES (AUG 08).

- a. The contractor will discontinue using any individual in Exchange facilities upon contracting officer's written notice that the individual is not acceptable for performance under this contract. Contractor will not use any such person to perform other Exchange contracts without the prior written consent of the contracting officer.
- b. The contractor will not employ any individual to work in Exchange facilities whom an Exchange contracting officer has determined unacceptable under any other Exchange contract without the prior written consent of the contracting officer.
- c. Contractor personnel will abide by applicable regulations and directives and conduct themselves so as not to reflect discredit on the Exchange.
- d. Contractor will not represent himself/herself to be an agent or representative of the Exchange, another instrumentality, or an agency of the United States.

16. ENVIRONMENTAL PROTECTION (AUG 09).

- a. This clause shall apply to any contract in excess of \$100,000, and indefinite quantity contracts estimated to exceed \$100,000 in one year; however, it shall not apply to use of facilities located outside the United States.
- b. Unless this contract is exempt, by acceptance of this contract, contractor (and, where appropriate, subcontractor)

stipulates:

- (1) that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the EPA List of Violating Facilities as of the date of contract award;
- (2) its agreement to comply with all requirements of Section 114 of the Air Act and Section 308 of the Water Act relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in sections 114 and 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder;
- (3) that as a condition of award of contract, contractor shall promptly notify the contracting officer of the receipt of any communication from the Director, Office of Federal Activities, U.S. Environmental Protection Agency, or delegatee, indicating that a facility to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities;
- (4) its agreement to include the criteria and requirements in subparagraphs (1) through (4) in every nonexempt subcontract, and to take such actions the Government may direct as a means of enforcing such provisions.

17. CONTRACTOR LIABILITY - SERVICES (MAY 04).

a. Except as set out specifically elsewhere in the contract, contractor will be liable for costs to the Exchange and/or other agencies of the United States associated with termination for default as follows:

- (1) Incidental damages, including expenses reasonably incurred in connection with repurchase of the service and any other reasonable expense incident to the breach.
- (2) Consequential damages including, but not limited to, lost fees resulting from lapses in service, unscheduled facility closures, sales declines, lower fees received on repurchase, and injury to person or property proximately resulting from any breach of warranty.

b. Contractor will not be liable for incidental or consequential damages if the failure to perform arises out of causes beyond the control and without the fault or negligence of the contractor. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the contractor. In such case contractor must provide prompt written notice to the contracting officer; the contracting officer, at his option may accept late, partial or substituted performance, or may terminate the contract in whole or in part effective immediately upon receipt of written notice by contractor.

18. DRUG-FREE WORKPLACE (AUG 92).

Contractor agrees to make a good faith effort to establish and maintain a drug-free workplace in connection with the performance of this contract. Consistent with the size and organization of its work force, contractor may wish to consider taking the following or other appropriate actions in establishing a drug-free workplace: publicizing a drug-free workplace policy, initiating an employee drug awareness program or encouraging participation in existing community/installation programs and informing employees of the general availability of drug counseling programs.

19. RESTRICTIONS ON PURCHASES OF FOREIGN GOODS (MAY 04).

a. Contractor will not acquire for use in the performance of this contract any merchandise, equipment, supplies or services originating from, processed in, or transported from or through, the countries prohibited from commerce by the United States Government. This restriction includes merchandise, equipment, supplies or services from any other country that is restricted by law, regulation or executive order at any time during performance of the contract. A current list of prohibited countries is available at <http://www.ustreas.gov/offices/enforcement/ofac/>.

b. Contractor agrees to insert the provisions of this clause, including this paragraph, in its subcontracts.

20. PAYMENT BY ELECTRONIC FUNDS TRANSFER (OCT 98).

The following will apply for all payments made by the Exchange to the Contractor under the terms of this contract.

a. Method of payment:

(1) All payments by the Exchange under this contract shall be made by electronic funds transfer (EFT). The term "EFT" refers to the funds transfer and may also include the payment information transfer.

(2) If the Exchange is unable to release payment by EFT, the Contractor agrees to either

(i) accept payment by check or some other mutually agreeable method of payment, or

(ii) request the Exchange to extend the payment due date until such time as the Exchange can make payment by EFT.

b. The Exchange shall make payment to the Contractor using the EFT information provided by the Contractor to the Exchange. In the event that the EFT information changes, the Contractor shall be responsible for providing the updated

information to the Exchange not less than thirty days prior to the effective date.

c. If the Contractor's EFT information in the Exchange database is incorrect the Exchange need not make payment to the Contractor under this contract until correct EFT information is entered into the Exchange database; and any invoice shall be deemed not to be a proper invoice for the purpose of prompt payment under this contract.

d. If the Contractor has identified multiple payment receiving points in the Exchange database, and the Contractor has not notified the Exchange of the payment receiving point applicable to this contract, the Exchange shall make payment to the first payment receiving point listed in the Exchange database.

e. The payment or disbursing office shall forward to the Contractor available payment information. The Exchange shall send the payment information to the remittance address contained in the Exchange database.

21. CHOICE OF LAW AND FORUM (OCT 11).

This contract shall be construed and interpreted in accordance with the Federal laws of the United States of America.

22. PRIVACY ACT (APR 12).

a. The contractor agrees to –

i. Comply with the Privacy Act of 1974 (the Act) and Department of Defense rules and regulations issued pursuant to the Act in the design, development, or operation of any system of records on individuals that accomplish an agency function.

ii. Include this clause in all subcontracts which require the design, development, or operation of a system of records.

b. In the event of violations of the Act, a civil action may be brought against the concession activity when the violation concerned the design, development, or operation of a system of records on individuals that accomplish an Exchange function. Criminal penalties also apply to the concession activity if it is accomplishing an Exchange function. For the purposes of applying the criminal penalties section of the Act, the contractor is considered to be an employee of the Exchange.

c. "Operation of a system of records," as used in this clause, means performance of any of the activities associated with maintaining the system of records, including the collection, use, and dissemination of records.

d. "Record," as used in this clause, means any item, collection, or grouping of information about an individual that is maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and that contains his name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.

e. "System of records on individuals," as used in this clause, means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

f. The system of records under this contract is the system of records that is the result of information collected, compiled, and/or utilized to build a customer database. Instrument used to collect information in written or electronic formats include, but are not limited to, application for services, verification of credit rating, customer inquiries or comments, data for invoicing current customers, change of address notification, information used for marketing purposes, etc.

g. Subcontracting and outsourcing customer data outside the Continental United States is not allowed.

23. PAYMENT CARD INDUSTRY (PCI) COMPLIANCE (OCT 10).

a. If payment cardholder data is processed via a contractor's processor or via an Exchange point of sale terminal or if card data is shared with contractors, subcontractors, merchants or service providers under the terms and conditions of this contract, the contractors, subcontractors, merchants and service providers must adhere to the most current version of the Payment Card Industry Data Security Standards (PCI DSS) requirements. These requirements are available at <https://www.pcisecuritystandards.org>.

b. The contractor acknowledges that each contractor, subcontractor, merchant and service provider with access to payment cardholder data is responsible for the security of the cardholder data the provider possesses. The contractor will also include this clause in any subcontract that provides access to cardholder data.

c. The contractor will control any duplicate or store copies of payment card receipts in a locked cabinet or in a locked register or locked drawer. The contractor will use equipment that masks the card number on the customer's receipt per the PCI DSS. The contractor will develop and implement procedures for destruction of receipts based on PCI standards and applicable state law.

24. GREEN CLAUSE (AUG 08).

The Exchange encourages contractors/vendors to embrace, establish and promote environmentally "Green Initiatives". We look to the contractor to accomplish this by :

- a. Where possible utilize environmentally friendly products
- b. Where possible promote energy-efficiency and water conservation
- c. Where possible eliminate/reduce the production or generation of hazardous waste and the need for special material processing (including special handling, storage, treatment and disposal)

25. PERFORMANCE (AUG 09).

Contractor will perform in accordance with all contract provisions. The Exchange will make payments only for performance as promised including supplies delivered and accepted per product specification and free of defects, or services rendered that satisfy the contractual specifications and are accepted. Payments for milestones will be paid when the milestones have been achieved and accepted. Additional periods of performance (if any) will only be granted for performance at or above the contractual level. The contracting officer may exercise remedies in accordance with the provisions of this contract for poor performance, non-performance, or failure to meet the service level agreement established.

26. COMBATING TRAFFICKING IN PERSONS (AUG 09).

a. *Definitions.* As used in this clause—

“Coercion” means—

- (1) Threats of serious harm to or physical restraint against any person;
- (2) Any scheme, plan, or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against any person; or
- (3) The abuse or threatened abuse of the legal process.
- (4) Withholding any documents (e.g. passports, visas, IDs, etc.) that prevents or restricts the person to move freely.

“Commercial sex act” means any sex act on account of which anything of value is given to or received by any person.

“Debt bondage” means the status or condition of a debtor arising from a pledge by the debtor of his or her personal services or of those of a person under his or her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not respectively limited and defined.

“Employee” means an employee of the Contractor directly engaged in the performance of work under the contract who has other than a minimal impact or involvement in contract performance.

“Forced labor” means knowingly providing or obtaining the labor or services of a person—

- (1) By threats of serious harm to, or physical restraint against, that person or another person;
- (2) By means of any scheme, plan, or pattern intended to cause the person to believe that, if the person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint; or
- (3) By means of the abuse or threatened abuse of law or the legal process.

“Involuntary servitude” includes a condition of servitude induced by means of—

- (1) Any scheme, plan, or pattern intended to cause a person to believe that, if the person did not enter into or continue in such conditions, that person or another person would suffer serious harm or physical restraint; or
- (2) The abuse or threatened abuse of the legal process.

Severe forms of trafficking in persons” means—

- (1) Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
- (2) The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

“Sex trafficking” means the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act.

b. *Policy.* The United States Government and the Army and Air Force Exchange Service has adopted a zero tolerance policy regarding trafficking in persons. Contractors and contractor employees shall not—

- (1) Engage in severe forms of trafficking in persons during the period of performance of the contract;
- (2) Procure commercial sex acts during the period of performance of the contract; or
- (3) Use forced labor in the performance of the contract.

c. *Contractor requirements.* The Contractor shall—

- (1) Notify its employees of—
 - (i) The United States Government's and the Army and Air Force Exchange Services' zero tolerance policy described in paragraph (b) of this clause; and
 - (ii) The actions that will be taken against employees for violations of this policy. Such actions may include, but are not limited to, removal from the contract, reduction in benefits, or termination of employment; and

(2) Take appropriate action, up to and including termination, against employees or subcontractors that violate the policy in paragraph (b) of this clause.

d. *Notification.* The Contractor shall inform the Contracting Officer immediately of—

(1) Any information it receives from any source (including host country law enforcement) that alleges a Contractor employee, subcontractor, or subcontractor employee has engaged in conduct that violates this policy; and

(2) Any actions taken against Contractor employees, subcontractors, or subcontractor employees pursuant to this clause.

e. *Remedies.* In addition to other remedies available to the Army and Air Force Exchange Service, the Contractor's failure to comply with the requirements of paragraphs (c), (d), or (f) of this clause may result in—

(1) Requiring the Contractor to remove a Contractor employee or employees from the performance of the contract;

(2) Requiring the Contractor to terminate a subcontract;

(3) Suspension of contract or fee payments;

(4) Loss of award fee, consistent with the award fee plan, for the performance period in which the Army and Air Force Exchange Service determined Contractor non-compliance;

(5) Termination of the contract for default or cause, in accordance with the termination clause of this contract; or

(6) Suspension or debarment.

f. *Subcontracts.* The Contractor shall include the substance of this clause, including this paragraph (f), in all subcontracts.

g. *Mitigating Factor.* The Contracting Officer may consider whether the Contractor had a Trafficking in Persons awareness program at the time of the violation as a mitigating factor when determining remedies. Additional information about Trafficking in Persons and examples of awareness programs can be found at the website for the Department of State's Office to Monitor and Combat Trafficking in Persons at <http://www.state.gov/g/tip>.

27. PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (MAY 11).

This clause is to provide guidance concerning compliance with Homeland Security Presidential Directive (HSPD) 12 and Policy for Common Identification Standard for Contractors and Subcontractors when contract performance requires routine physical access to a Federally controlled facility and/or routine access to a Federally controlled information system. As processes and procedures could change over time, go to <http://www.shopmyexchange.com>, click on, "Doing Business", click on "Authorization to Enter Military Installations" for the most up-to-date instructions. Questions should be directed to the Exchange HQ Chief of Staff, Force Protection (CS-FP) or your Contracting Officer.

a. After contract award and prior to performance on any Federal installation, the contractor shall comply with the local installation's personal identity verification procedures identified by that installation which implements HSPD-12 policy for a Common Identification Standard for Federal Employees and Contractors.

(1) If the contractor employee is to work at only one site, the Exchange's contractors must follow local installation guidelines and directives concerning identification, access, and security requirements. These guidelines may vary from one installation to another and it is the contractor's responsibility to seek guidance concerning these issues from the Exchange Service Business Manager or General Manager.

(2) If the contractor or their employees will access sensitive data or go to multiple DoD or access to multiple non-DoD facilities on a recurring basis for a period of 6 months or more (CONUS or OCONUS), they must obtain a Common Access Card (CAC) and will be required to submit a clearance package to CS-FP, no less than 30 days in advance of needed access. Authorization must be received from CS-FP before contractors can be issued a CAC card. CAC card will be issued after a thorough background check which includes the completion of a FBI fingerprint check with favorable results and submission of a National Agency Check with inquiries to the Office of Personnel Management (OPM) or a DoD determined equivalent investigation, you will then be directed to the nearest military installation where the card can be obtained.

b. The contractor shall insert this clause in all subcontracts when the subcontractor is required to have routine physical access to a Federally controlled facility and/or routine access to a Federally-controlled information system.

c. The contractor is responsible for securing and returning to the issuing office all identification cards issued under these procedures

(1) for all employees at the end of the contract; and

(2) for individual employees no longer employed or no longer assigned to perform the Exchange contract.

d. As a reminder, any costs associated with the clearance process are the responsibility of the contractor.

28. ARMY AND AIR FORCE EXCHANGE SERVICE RIGHTS (UNLIMITED) (APR 12).

Contractor shall have no rights to use Exchange furnished data or information supplied to Contractor by the Exchange for other than this Exchange contract; it will be deemed Exchange Confidential Information and shall remain the Exchange

sole property. All reports, analysis, and recommendations provided by Contractor pursuant to this contract will be and remain the sole property of the Exchange and the United States Government and may not be used on any other work by Contractor without Contracting Officer approval (e.g. including consideration or additional costs to the Exchange) and with respect thereto, the contractor agrees not to assert any proprietary or confidential rights and not to establish any claim for intellectual property.

The contractor agrees that duly authorized representatives of the Exchange will have access at all reasonable times to inspect and review all notes or other data pertaining to the work to be performed under this contract.

EXHIBIT B
CONCESSION LABOR PROVISIONS
Contract for Services (with SCA) – MAY 2012

1. EQUAL EMPLOYMENT OPPORTUNITY.

The Contractor will be required to comply with applicable EEO Laws.

2. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT.

(Applicable to contracts for services performed in the United States, any U.S. territory, or the District of Columbia.) The following clause is applicable to concession, agency, and vending machine contracts where the total gross receipts from sales or services under the contract will exceed \$2,500 and to management and direct service contracts where total payments to the contractor will exceed \$2,500. This contract to the extent that it is of the character to which the Contract Work Hours and Safety Standards Act, 40 USC 327, applies, is subject to all applicable provisions of the Act and the regulations of the Secretary of Labor thereunder (29 CFR 5).

a. Overtime Requirements: No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek to work in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer or mechanic receives such compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of 40 hours in such workweek.

b. Violation; liability for unpaid wages; liquidated damages: In the event of any violations of provisions of paragraph a., the contractor and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be completed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph a. in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of his standard workweek of 40 hours without payment of the overtime wages required by paragraph a.

c. Withholding for unpaid wages and liquidated damages: The contracting officer may withhold from the contractor from any monies payable on account of work performed by the contractor or subcontractor such sums as may administratively be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of paragraph b.

d. Subcontracts: The contractor shall insert paragraphs a. through d. of this clause in all subcontracts and shall require their inclusion in all subcontracts of any tier.

e. Records: The contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for 3 years from the completion of the contract.

3. CONVICT LABOR (MAY 1989).

In connection with the performance of work under this contract, the contractor agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 USC 4082(c)(2)) and Executive Order 11755, December 29, 1973, as amended by Executive Order 12608, September 9, 1987.

4. SERVICE CONTRACT ACT.

(Applicable to Contracts of \$2,500 or more.) Except to the extent that an exemption, variation or tolerance would apply if this were a contract in excess of \$2,500, the contractor and any subcontractor hereunder shall pay all of his employees engaged in performing work on the contract not less than the minimum wage specified under Section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended. Regulations and interpretations of the Service Contract Act of 1965, as amended, are contained in 29 CFR Part 4

5. SERVICE CONTRACT ACT OF 1965 AS AMENDED.

a. This contract is subject to the Service Contract Act of 1965, as amended (41 U.S.C. 351 et seq.) and is subject to the following provisions and to all other applicable provisions of the Act and regulations of the Secretary of Labor issued thereunder (29 CFR Part4).

b.

(1) Each service employee employed in the performance of this contract by the contractor or any subcontractor shall be paid not less than the minimum monetary wages and shall be furnished fringe benefits in accordance with the wages and fringe benefits determined by the Secretary of Labor or authorized representative, as specified in any wage determination attached to this contract.

(2)

(a) If there is such a wage determination attached to this contract, the contracting officer shall require that any class of service employee which is not listed therein and which is to be employed under the contract (i.e., the work to be performed is not performed by any classification listed in the wage determination), be classified by the contractor so as to provide a reasonable relationship (i.e., appropriate level of skill comparison) between such unlisted classifications and the classifications listed in the wage determination. Such conformed class of employees shall be paid the monetary wages and

furnished the fringe benefits as are determined pursuant to the procedures in this section. (The information collection requirements contained in the following paragraphs of this section have been approved by the Office of Management and Budget under OMB control number 1215-0150.)

(b) Such conforming procedure shall be initiated by the contractor prior to the performance of contract work by such unlisted class of employee. A written report of the proposed conforming action, including information regarding the agreement or disagreement of the authorized representative of the employees involved or, where there is no authorized representative, the employees themselves, shall be submitted by the contractor to the contracting officer no later than 30 days after such unlisted class of employees performs any contract work. The contracting officer shall review the proposed action and promptly submit a report of the action, together with the agency's recommendation and all pertinent information including the position of the contractor and the employees, to the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, for review. The Wage and Hour Division will approve, modify, or disapprove the action or render a final determination in the event of disagreement within 30 days of receipt or will notify the contracting officer within 30 days of receipt that additional time is necessary.

(c) The final determination of the conformance action by the Wage and Hour Division shall be transmitted to the contracting officer who shall promptly notify the contractor of the action taken. Each affected employee shall be furnished by the contractor with a written copy of such determination or it shall be posted as a part of the wage determination

(d)

((1)) The process of establishing wage and fringe benefit rates that bear a reasonable relationship to those listed in a wage determination cannot be reduced to any single formula. The approach used may vary from wage determination to wage determination depending on the circumstances. Standard wage and salary administration practices which rank various job classifications by pay grade pursuant to point schemes or other job factors may, for example, be relied upon. Guidance may also be obtained from the way different jobs are rated under Federal pay systems (Federal Wage Board Pay System and the General Schedule) or from other wage determinations issued in the same locality. Basic to the establishment of any conformable wage rate(s) is the concept that a pay relationship should be maintained between job classifications based on the skill required and the duties performed.

((2)) In the case of a contract modification, an exercise of an option or extension of an existing contract, or in any other case where a contractor succeeds a contract under which the classification in question was previously conformed pursuant to this section, a new conformed wage rate and fringe benefits may be assigned to such conformed classification by indexing (i.e., adjusting) the previous conformed rate and fringe benefits by an amount equal to the average (mean) percentage increase (or decrease, where appropriate) between the wages and fringe benefits specified for all classifications to be used on the contract which are listed in the current wage determination, and those specified for the corresponding classifications in the previously applicable wage determination. Where conforming actions are accomplished in accordance with this paragraph prior to the performance of contract work by the unlisted class of employees, the contractor shall advise the contracting officer of the action taken but the other procedures in paragraph b(2)(b) of this section need not be followed.

((3)) No employee engaged in performing work on this contract shall in any event be paid less than the currently applicable minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended.

(e) The wage rate and fringe benefits finally determined pursuant to paragraphs b(2)(a) and (b) of this section shall be paid to all employees performing in the classification from the first day on which contract work is performed by them in the classification. Failure to pay such unlisted employees the compensation agreed upon by the interested parties and/or finally determined by the Wage and Hour Division retroactive to the date such class of employees commenced contract work shall be a violation of the Act and this contract.

(f) Upon discovery of failure to comply with paragraphs b(2)(a) through (e) of this section, the Wage and Hour Division shall make a final determination of conformed classification, wage rate, and/or fringe benefits which shall be retroactive to the date such class of employees commenced contract work.

(3) If, as authorized pursuant to section 4(d) of the Service Contract Act of 1965 as amended, the term of this contract is more than 1 year, the minimum monetary wages and fringe benefits required to be paid or furnished thereunder to service employees shall be subject to adjustment after 1 year and not less often than once every 2 years, pursuant to wage determinations to be issued by the Wage and Hour Division, Employment Standards Administration of the Department of Labor as provided in such Act.

(a) Service Contract act Price Adjustment. This applies to both contracts subject to area prevailing wage determinations and contracts subject to Contractor collective bargaining agreements.

((1)) The Contractor warrants that the prices in this contract do not include any allowance for any contingency to cover increased costs for which adjustment is provided under this clause.

((2)) The contract price, contract unit price labor rates, or fixed hourly labor rates will be adjusted to reflect increases or decreases by the Contractor in wages and fringe benefits to the extent that these increases or decreases are made to comply with—

((a)) An increased or decreased wage determination applied to this contract by operation of law; or

((b)) An amendment to the Fair Labor Standards Act of 1938 that is enacted subsequent to award of this contract, affects the minimum wage, and becomes applicable to this contract under law.

((c)) Any such adjustment will be limited to increases or decreases in wages and fringe benefits as described in paragraph ((1)) of this clause, and to the accompanying increases or decreases in social security and

unemployment taxes and workers' compensation insurance; it shall not otherwise include any amount for general and administrative costs, overhead, or profit.

((d)) The Contractor shall notify the Contracting Officer of any increase claimed under this clause within 30 days after the effective date of the wage change, unless this period is extended by the Contracting Officer in writing. The Contractor shall promptly notify the Contracting Officer of any decrease under this clause, but nothing in the clause shall preclude the Exchange from asserting a claim within the period permitted by law. The notice shall contain a statement of the amount and the change in fixed hourly rates (if this is a time-and-materials or labor-hour contract) claimed and any relevant supporting data that the Contracting Officer may reasonably require. Upon agreement of the parties, the contract price, contract unit price labor rates, or fixed hourly rates shall be modified in writing. The Contractor shall continue performance pending agreement on or determination of any such adjustment and its effective date.

((e)) The Contracting Officer or an authorized representative shall, until the expiration of 3 years after final payment under the contract, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor.

c. The contractor or subcontractor may discharge the obligation to furnish fringe benefits specified in the attachment or determined conformably thereto by furnishing any equivalent combinations of bona fide fringe benefits, or by making equivalent or differential payments in cash in accordance with the applicable rules set forth in Subpart D of 29 CFR Part 4, and not otherwise.

d.

(1) In the absence of a minimum wage attachment for this contract, neither the contractor nor any subcontractor under this contract shall pay any person performing work under the contract (regardless of whether they are service employees) less than the minimum wage specified by section 6(a)(1) of the Fair Labor Standards Act of 1938. Nothing in this provision shall relieve the contractor or any subcontractor of any other obligation under law or contract for the payment of a higher wage to any employee.

(2) If this contract succeeds a contract, subject to the Service Contract Act of 1965 as amended, under which substantially the same services were furnished in the same locality and service employees were paid wage and fringe benefits provided for in a collective bargaining agreement, in the absence of the minimum wage attachment for this contract setting forth such collectively bargained wages rates and fringe benefits, neither the contractor nor any subcontractor under this contract shall pay any service employee performing any of the contract work (regardless of whether or not such employee was employed under the predecessor contract), less than the wages and fringe benefits provided for in such collective bargaining agreements, to which such employee would have been entitled if employed under the predecessor contract, including accrued wages and fringe benefits and any prospective increases in wages and fringe benefits provided for under such agreement. No contractor or subcontractor under this contract may be relieved of the foregoing obligation unless the limitations of Section 4.1b(b) of 29 CFR Part 4 apply or unless the Secretary of Labor or his authorized representative finds, after a hearing as provided in Section 4.10 of 29 CFR Part 4 that the wages and/or fringe benefits provided for in such agreement are substantially at variance with those which prevail for services of a character similar in the locality, or determines, as provided in Section 4.11 of 29 CFR Part 4, that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's-length negotiations. Where it is found in accordance with the review procedures provided in 29 CFR 4.10 and/or 4.11 and Parts 6 and 8 that some or all of the wages and/or fringe benefits contained in a predecessor contractor's collective bargaining agreement are substantially at variance with those which prevail for services of a character similar in the locality, and/or that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's-length negotiations, the Department will issue a new or revised wage determination setting forth the applicable wage rates and fringe benefits. Such determination shall be made part of the contract or subcontract, in accordance with the decision of the Administrator, the Administrative Law Judge, or the Board of Service Contract Appeals, as the case may be, irrespective of whether such issuance occurs prior to or after the award of a contract or subcontract. 53 Comp. Gen. 401 (1973). In the case of a wage determination issued solely as a result of a finding of substantial variance, such determination shall be effective as a date of the final administrative decision.

e. The contractor and any subcontractor under this contract shall notify each service employee commencing work on this contract of the minimum monetary wage and any fringe benefits required to be paid pursuant to this contract, or shall post the wage determination attached to this contract. The poster provided by the Department of Labor (Publication WH1313) shall be posted in a prominent and accessible place at the worksite. Failure to comply with this requirement is a violation of section 2(a)(4) of the Act and of this contract. (Approved by the Office of Management and Budget under OMB control number 1215-0150.)

f. The contractor or subcontractor shall not permit any part of the services called for by this contract to be performed in buildings or surroundings or under working conditions provided by or under the control or supervision of the contractor or subcontractor which are unsanitary or hazardous or dangerous to the health or safety of service employees engaged to furnish these services, and the contractor or subcontractor shall comply with the safety and health standards applied under 29 CFR Part 1925.

g.

(1) The contractor and each subcontractor performing work subject to the Act shall make and maintain for 3 years from the completion of the work records containing the information specified in paragraphs g.(1)(a) through (f) of this section for each employee subject to the Act and shall make them available for inspection and transcription by authorized representatives of the Wage and Hour Division, Employment Standards Administration of the U.S. Department of Labor. (Sections 7.g.(1)(a) through (d))

approved by the Office of Management and Budget under OMB control number 1215-0017 and sections 7.g.(1)(e) and (f) approved under OMB control number 1215-0150):

- (a) Name and address and social security number of each employee.
 - (b) The correct work classification or classifications, rate or rates of monetary wages paid and fringe benefits provided, rate or rates of fringe benefit payments in lieu thereof, and total daily and weekly compensation of each employee.
 - (c) The number of daily and weekly hours so worked by each employee.
 - (d) Any deductions, rebates, or refunds from the total daily and weekly compensation of each employee.
 - (e) A list of monetary wages and fringe benefits for those classes of service employees not included in the wage determination attached to this contract but for which such wage rates or fringe benefits have been determined by the interested parties or by the Administrator or authorized representative pursuant to the labor standards clause in paragraph b of this section. A copy of the report required by the clause in paragraph b.(2)(b) of this section shall be deemed to be such a list.
 - (f) Any list of the predecessor contractor's employees which had been furnished to the contractor pursuant to Section 4.6(1)(2).
- (2) The contractor shall also make available a copy of this contract for inspection or transcription by authorized representatives of the Wage and Hour Division.
- (3) Failure to make and maintain or to make available such records for inspection and transcription shall be a violation of the regulations and this contract, and in the case of failure to produce such records, the contracting officer, upon direction of the Department of Labor and notification of the contractor, shall take action to cause suspension of any further payment or advance of funds until such violation ceases.

(4) The contractor shall permit authorized representatives of the Wage and Hour Division to conduct interviews with employees at the worksite during normal working hours.

h. The contractor shall unconditionally pay to each employee subject to the Act all wages due free and clear and without subsequent deduction (except as otherwise provided by law or Regulations, 29 CFR Part 4), rebate, or kickback on any account. Such payments shall be made no later than one pay period following the end of the regular pay period in which such wages were earned or accrued. A pay period under this Act may not be of any duration longer than semi-monthly.

i. The contracting officer shall withhold or cause to be withheld from the Exchange prime contractor under this or any other Government contract with the contractor such sums as an appropriate official of the Department of Labor requests or such sums as the contracting officer decides may be necessary to pay underpaid employees employed by the contractor or subcontractor. In the event of failure to pay any employees subject to the Act all or part of the wages or fringe benefits due under the Act, the agency may, after authorization or by direction of the Department of Labor and written notification to the contractor, take action to cause suspension of any further payment or advance of funds until such violations have ceased. Additionally, any failure to comply with the requirements of these clauses relating to the Service Contract Act of 1965, may be grounds for termination of the right to proceed with the contract work. In such event, the Exchange may enter into other contracts or agreements for completion of the work, charging the contractor in default with any additional cost.

j. The contractor agrees to insert these clauses in this section relating to the Service Contract Act of 1965 in all subcontracts subject to the Act. The term "contractor" as used in these clauses in any subcontract, shall be deemed to refer to the subcontractor, except in the term "Exchange prime contractor."

k.

(1) As used in these clauses, the term "service employee" means any person engaged in the performance of this contract other than any person employed in a bona fide executive, administrative, or professional capacity, as those terms are defined in Part 541 of Title 29, Code of Federal Regulations, as of July 30, 1976, and any subsequent revision of those regulations. The term "service employee" includes all such persons regardless of any contractual relationship that may be alleged to exist between a contractor or subcontractor and such persons.

(2) The classes of service employees expected to be employed under this contract with the Exchange are identified on an attachment to these Labor Provisions. Such employees would be subject, if employed by the Exchange, to the pay scales established by the Exchange and would be paid not less than the wage rates and fringe benefits shown on the attachment.

l.

(1) If wages to be paid or fringe benefits to be furnished any service employees employed by the Exchange prime contractor or any subcontractor under the contract are provided for in a collective bargaining agreement which is or will be effective during any period in which the contract is being performed, the Exchange prime contractor shall report such fact to the contracting officer, together with full information as to the applicable and accrual of such wages and fringe benefits, including any prospective increases, to service employees engaged in work on the contract, and a copy of the collective bargaining agreement. Such report shall be made upon commencing performance of the contract, in the case of collective bargaining agreements effective at such time, and in the case of such agreements or provisions or amendments thereof effective at a later time during the period of contract performance, such agreements shall be reported promptly after negotiation thereof. (Approved by the Office of Management and Budget under OMB control number 1215-0150.)

(2) Not less than 10 days prior to completion of any contract being performed at a Federal facility where service employees may be retained in the performance of the succeeding contract and subject to a wage determination which contains vacations or other benefit provisions based upon length of service with a contractor (predecessor) or successor (Section 4.173 of Regulations, 29 CFR Part 4), the incumbent prime contractor shall furnish to the contracting officer a certified list of the names of all service employees on the contractor's or subcontractor's payroll during the last month of contract performance. Such list shall also contain anniversary dates of employment on the contract either with the current or predecessor contractors of each such service employee. The contracting

officer shall turn over such list to the successor contractor at the commencement of the succeeding contract. (Approved by the Office of Management and Budget under OMB control number 1215-0150.)

m. Rulings and interpretations of the Service Contract Act of 1965, as amended, are contained in Regulations, 29 CFR Part 4.

n.

(1) By entering into this contract, the contractor (and officials thereof) certifies that neither it (nor he or she) nor any person or firm who has a substantial interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of the sanctions imposed pursuant to section 5 of the Act.

(2) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract pursuant to section 5 of the Act.

(3) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

o. Notwithstanding any of the clauses in paragraphs b. through m. of this section relating to the Service Contract Act of 1965, the following employees may be employed in accordance with the following variations, tolerances, and exemptions, which the Secretary of Labor, pursuant to section 4(b) of the Act prior to its amendment by Pub. L. 92-473, found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(1) Apprentices, student-learners, and workers whose earning capacity is impaired by age, physical, or mental deficiency or injury may be employed at wages lower than the minimum wages otherwise required by section 2(a)(1) or 2(b)(1) of the Service Contract Act without diminishing any fringe benefits or cash payments in lieu thereof required under section 2(a)(2) of that Act, in accordance with the conditions and procedures prescribed for the employment of apprentices, student-learners, handicapped persons, and handicapped clients of sheltered workshops under section 14 of the Fair Labor Standards Act of 1938, in the regulations issued by the Administrator (29 CFR Parts 520, 521, 524, and 525).

(2) The Administrator will issue certificates under the Service Contract Act for the employment of apprentices, student-learners, handicapped persons, or handicapped clients of sheltered workshops not subject to the Fair Labor Standards Act of 1938, or subject to different minimum rates of pay under the two acts, authorizing appropriate rates of minimum wages (but without changing requirements concerning fringe benefits or supplementary cash payments in lieu thereof), applying procedures prescribed by the applicable regulations issued under the Fair Labor Standards Act of 1938 (29 CFR Parts 520, 521, 524, and 525).

(3) The Administrator will also withdraw, annul, or cancel such certificates in accordance with the regulations in Parts 525 and 528 of Title 29 of the Code of Federal Regulations.

p. Apprentices will be permitted to work at less than the predetermined rate for the work they perform when they are employed and individually registered in a bona fide apprenticeship program registered with a State Apprenticeship Agency which is recognized by the U.S. Department of Labor, or if no such recognized agency exists in a State, under a program registered with the Bureau of Apprenticeship and Training, Employment and Training Administration, U.S. Department of Labor. Any employee who is not registered as an apprentice in an approved program shall be paid the wage rate and fringe benefits contained in the applicable wage determination for the journeyman classification of work actually performed. The wage rates paid apprentices shall not be less than the wage rate for their level of progress set forth in the registered program, expressed as the appropriate percentage of the journeyman's rate contained in the applicable wage determination. The allowable ratio of apprentices to journeymen employed on the contract work in any craft classification shall not be greater than the ratio permitted to the contractor as to his entire work force under the registered program.

q. An employee engaged in an occupation in which he or she customarily and regularly receives more than \$30 a month in tips may have the amount of tips credited by the employer against the minimum wage required by section 2(a)(1) or section 2(b)(1) of the Act in accordance with section 3(m) of the Fair Labor Standards Act and Regulations, 29 CFR Part 531: Provided, however, that the amount of such credit may not exceed \$2.13 per hour. To utilize this provision:

(1) The employer must inform tipped employees about this tip credit allowance before the credit is utilized;

(2) The employees must be allowed to retain all tips (individually or through a pooling arrangement and regardless of whether the employer elects to take a credit for tips received);

(3) The employer must be able to show by records that the employee receives at least the applicable Service Contract Act minimum wage through the combination of direct wages and tip credit (approved by the Office of Management and Budget under OMB control number 1215-0017);

(4) The use of such tip credit must have been permitted under any predecessor collective bargaining agreement applicable by virtue of section 4(c) of the Act.

r. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 4, 6, and 8. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

ARMY AND AIR FORCE EXCHANGE SERVICE

EMPLOYEE CLASSIFICATIONS

This statement of equivalent the Exchange rates is required to be made by the Exchange in accordance with Section 2(a)(5) of the Service Contract Act, but a successful offeror under this solicitation is not required to pay the rates set forth on this page. The contractor is required to pay rates in accordance with any applicable currently effective wage determination from the Department of Labor made part of this contract. The following classes of service employees would be utilized by the Exchange if the activity were a direct operation of the Exchange.

INFORMATION ONLY

<u>Job Classification</u>	<u>Hourly Wages</u>
Barber Leader	\$ 12.82
Barber	\$ 11.69

FRINGE BENEFITS

Life, accident and health insurance, sick leave programs, and retirement are 29.09 percent of basic hourly rates.

Holidays: New Year's Day, Martin Luther King's Birthday, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day.

Paid Vacation: 2 hours of annual leave each week for an employee of less than 3 years of service; 3 hours of annual leave each week for an employee with 3 but less than 15 years of service; 4 hours of annual leave each week for an employee with 15 or more years of service.

EXHIBIT C
SPECIAL PROVISIONS
Concession Contracts
(SEPTEMBER 2013)

1. Activity (MAR 90)
2. Facilities/Maintenance/Operating Hours (APR 05)
3. Equipment, Furniture, and Movable Trade Fixtures (MARCH 11)
4. Tools and Supplies (DEC 88)
5. Prohibited Activities (FEB 89)
6. Scope of Service/Minimum Quality (DEC 88)
7. License for the Exchange Trademarks (JAN 05)
8. Prices (MAY 99)
9. Authorized Customers (DEC 88)
10. Customer Complaints and Claims (DEC 88)
11. Signs, Identity and Décor Standards (JAN 05)
12. Utilities (APR 05)
13. Internal Controls (JAN 13)
14. Concessionaire Settlement Report (JAN 13)
15. Fee Deposit and Payment (MAY 99)
16. Taxes (FEB 89)
17. Concessionaire and Concessionaire Employees (Concession Personnel) (JAN 00)
18. Actions to be Taken Upon Termination (Including Expiration) (JAN 05)
19. Uncalled-for Customer Property (DEC 88)
20. Lost, Abandoned, and Unclaimed Property (DEC 88)
21. Inventory Transfer (FEB 89)
22. Indebtedness (FEB 89)
23. Price/Fee Revisions (FEB 89)
24. Insurance (FEB 89)
25. Promotional Events (APR 05)
26. Exchange Tabloid/Special Sales Coupons, Exchange Gift Card Redemption (SEP 13)
27. Refunds (DEC 88)
28. Customer Checks (MAY 05)
29. Safeguarding of Concessionaire Funds on Army and Air Force Installations (DEC 88)
30. Charge Card/Military Star Card Sales (MAY 05)
31. Inspections (MAR 00)
32. Smoking Policy (DEC 86)
33. Heavy Metal leaching (DEC 07)
34. Exchange/Vendor Partnership Marketing Program (JUL 94)
35. Organizational Sales (NOV 00)

SPECIAL PROVISIONS

Concession Contracts

1. ACTIVITY (MAR 90).

a. The Exchange grants concessionaire a nonexclusive concession to operate the activity described in the Schedule. The assignment of space for concession is a revocable license, not a tenancy.

b. The Exchange makes no warranty or representation, express or implied, that merchandise or services sold in the concession are free of competition. During the contract period, other activities may sell the same or similar merchandise or services. Such activities are: the Exchange, other Exchange concessionaires, military affiliated activities, firms selling without authorization or others. Any concessionaire complaint of competition from these activities must be written and must be provided to the military installation commander and the contracting officer. The Exchange may assist concessionaire in resolving its complaint. The Exchange will not be liable for any income, sales, profit or other losses of concessionaires attributed to competition.

c. If premises furnished by or through the Exchange are destroyed either in whole or in substantial part, so as to significantly hinder or prevent normal operations by concessionaire, by acts of God (such as, but not limited to, fire, flood, hurricane, unusually severe weather conditions) or unusual occurrence (unless solely and directly caused by the Exchange negligence), the Exchange will not be responsible to concessionaire for repair/restoration of the premises, lost income, sales, or lost profits, damage to concessionaire property, employee salaries, or any consequential costs incurred, or be obligated to relocate concessionaire. Concessionaire should consider obtaining business insurance to cover risks to its property and concession activity.

d. During the contract period, the contracting officer may require the concession to relocate to better meet the Exchange needs or those of the installation, as determined by the contracting officer. Concessionaire will be given advance notice. The Exchange will pay for moving and installing the Exchange furnished equipment and fixtures and hooking up utility lines. The Exchange will reimburse the reasonable cost of moving and installing concessionaire furnished equipment and fixtures. The Exchange will not be liable for lost income, profit and/or salaries associated with relocating.

2. FACILITIES/MAINTENANCE/OPERATING HOURS (APR 05).

a. Concessionaire investment for buildings and installed property or fixtures will not be required, unless otherwise specified in this contract. The Exchange will maintain Exchange furnished premises including ordinary running repairs and interior decorating. Concessionaire will be liable for damage to the premises resulting from acts or omissions of concessionaire, concessionaire's employees, or agents. The Exchange may inspect the premises at any time.

b. Concessionaire will keep the premises clean, orderly, secure, and sanitary. Concessionaire will comply with the installation/exchange fire, safety and security regulations and applicable health and sanitation and environmental protection regulations.

c. Concessionaire will do custodial maintenance on the exterior of the facility and grounds if a building is assigned for concessionaire's use. If the facility is shared with other concessionaires, exterior custodial maintenance will be assigned by exchange management. If the concession is located in an exchange complex and predominant tenancy is by the Exchange direct-operated activities, the Exchange will perform exterior custodial maintenance, except those tasks described in "d" below. The equipment and labor to perform exterior custodial maintenance assigned to the concessionaire will be at concessionaire's expense. Assigned exterior maintenance may include:

(1) Pick up all refuse daily within the assigned exterior areas.

(2) During the season, cut and trim the grass weekly within the assigned exterior areas.

(3) During the season, clear the snow, ice, slush and mud deposits from the sidewalks and walkways within the assigned exterior areas.

d. Concessionaire will, as needed, but at least daily, clean the entrance door, exterior of storefront windows, entranceway and customer walkways; empty and thoroughly clean all waste and smoking receptacles; and check exterior lighting. Exterior lighting failures will be promptly reported to the Exchange. In automotive activities, the service bay floors, equipment, and work benches will be cleaned daily.

e. Posted operating hours are those that will be displayed at the facility. However, each facility will be open for business at least 5 minutes before posted opening, and will remain open at least 5 minutes past posted closing, as in the

following example:

POSTED Hours of Operation 1000 – 1800
ACTUAL Hours of Operation 0955 - 1805

The term open for business means ready to serve the customer. Activities such as preparing cash registers and sales forms will be accomplished prior to actual opening. Facilities will be open for business at all times during scheduled operating hours. Hours of operation will generally conform to those of nearby exchange activities, and may be changed by written mutual agreement between the concessionaire and the general manager. If concessionaire and general manager cannot agree on changes to the hours of operation, the issue will be submitted to the contracting officer for resolution. Hours of operation for facilities not located near exchange activities are fixed and may only be changed by written amendment to the contract. If the nearby exchange is open on a holiday, the concession must also be open during the same hours. If the nearby exchange is closed on a holiday, the concession may also choose to remain closed.

3. EQUIPMENT, FURNITURE, AND MOVABLE TRADE FIXTURES (MARCH 11).

a. The Exchange Furnished: When there is Exchange Furnished Equipment, the following will apply. The item list, agreed value, and condition of equipment, furniture and trade fixtures furnished by the Exchange are stated in this contract. Concessionaire will sign a custody receipt for the items furnished. Repairs of and replacement parts for the Exchange furnished equipment, furniture, and fixtures will be provided by the Exchange, or at the Exchange's option, by concessionaire at the Exchange's cost. Concessionaire will perform routine preventive maintenance and keep the equipment, furniture, and fixtures clean, sanitary, and secure. Broken or malfunctioning equipment must be reported, in writing, to the Exchange General Manager or Services Business Manager immediately upon discovery. The Exchange will not be liable for concessionaire losses caused by malfunction of equipment. Exchange property will not be removed from the premises without the prior written approval of the contracting officer. Exchange property will only be used for this contract. The Exchange may inspect the Exchange furnished equipment, furniture, and fixtures at any time.

b. Concessionaire Furnished: Concessionaire will provide and install all the equipment, furniture and movable trade fixtures required by this contract. All concessionaire furnished property is subject to approval of the contracting officer. All electrical equipment will carry the Underwriters' Laboratories (UL) Seal of Approval. At the request of the contracting officer, and prior to the commencement date of services under this contract, concessionaire will give the contracting officer a typed list of all equipment, furniture and movable trade fixtures to be used for this contract. Each item will be identified by manufacturer, model name/number, serial number or concessionaire's fixed asset number, as appropriate. Concessionaire will not sell or remove any equipment, furniture or fixtures from the concession premises without the prior written approval of the contracting officer. Concessionaire will maintain and repair or replace, as necessary, all concessionaire furnished equipment, furniture and fixtures. Title to concessionaire furnished equipment, furniture and fixtures remains with the concessionaire. If Concessionaire uses leased equipment in the performance of the contract, concessionaire must notify the contracting officer of the name and address of the lessor. Concessionaire investment in equipment, furniture and fixtures for this contract is a business risk of the concessionaire. It is expressly understood and agreed that neither the Exchange nor any other agency or instrumentality of the United States is or will be liable to concessionaire for costs of concessionaire's investing in equipment, furniture or movable trade fixtures in the event of termination or expiration of this contract without extension.

4. TOOLS AND SUPPLIES (DEC 88).

Concessionaire will furnish tools of the trade and supplies required for this contract.

5. PROHIBITED ACTIVITIES (FEB 89).

a. Concessionaire will not, in or about the premises of the military installation, engage in or permit gambling or the use of any device which savors gambling (such as punch cards or slot machines), engage in loan operations, or sell merchandise or services on credit unless otherwise provided for in the contract. Contractor is responsible for all deferred charges. Concessionaire will take no actions counter to the purpose of the contract or which have the effect of diverting sales from the concession activity to concessionaire's commercial business activities. Facilities will not be used for performance or support of other the Exchange contracts or commercial business activities.

b. Concessionaire will not provide free merchandise or services except in conjunction with promotional programs approved by the contracting officer.

6. SCOPE OF SERVICE/MINIMUM QUALITY (DEC 88).

Concessionaire will only sell merchandise and services specifically set out in the Price Schedule exhibit of this contract. Items sold under this contract will be in good taste. Merchandise and services provided under this contract will be equal to those provided by first quality commercial establishments.

7. LICENSE FOR EXCHANGE TRADEMARKS (JAN 05).

a. Should the concessionaire be granted permission to use an Exchange trademark, concessionaire agrees that it becomes a temporary licensee of such mark and warrants that it shall use the licensed mark only for the purposes of and pursuant to this Agreement. Concessionaire agrees that it has no claim, option, or other right whatsoever, direct or implied, to any like license for any geographic area or location other than the licensed location(s) in this Agreement.

b. Upon cancellation, termination or expiration of this Agreement, concessionaire shall immediately discontinue all use of the licensed mark and will be deemed to have automatically and irrevocably assigned any rights, equities, good will, titles or other rights in the mark which concessionaire may have obtained or had vested in pursuance of any endeavors under this Agreement. Any such assignment shall be without other consideration than the mutual covenants of this Agreement.

8. PRICES (MAY 99).

a. Articles stocked for sale will be individually price marked.

b. Concessionaire will only charge the prices established in the Price Schedule exhibit of this contract.

c. Where a state law imposes a sales tax on the sale of the item and/or service, the sales tax will be stated separately from the sales price, added to the price in the Price Schedule exhibit, and collected from the customer.

9. AUTHORIZED CUSTOMERS (DEC 88).

Concessionaire will sell service or merchandise only to personnel authorized to use the Exchange facilities. Concessionaire will comply with the Exchange patron identification procedures.

10. CUSTOMER COMPLAINTS AND CLAIMS (DEC 88).

Concessionaire will adhere to the Exchange' policy of customer satisfaction guaranteed. All customer complaints and claims will be resolved at concessionaire's expense. Any disagreement that cannot be resolved between concessionaire and the customer will be decided by the contracting officer, whose decision will be final and not subject to the Disputes clause. If concessionaire fails to process complaints and claims timely, the Exchange may, in addition to other rights and remedies available under this contract, settle customer complaints and claims and charge them to concessionaire's account. Customer complaints or claims based on merchandise or services sold by a predecessor concessionaire will be referred to the contracting officer.

11. SIGNS, IDENTITY AND DÉCOR STANDARDS (JAN 05).

Concessionaire will post only those signs and décor items approved by the contracting officer.

a. The concessionaire will post all signs and décor items furnished by the Exchange, including, but not limited to, those that provide customer information and those that set identity and décor standards.

b. In the event the concessionaire owns and operates an existing business under a commercially recognized brand, they may request approval from the Exchange to use the recognized brand image, signing and store décor.

(1) All requests for approval of concessionaire furnished commercially recognized brand image, signing and store décor must be made in writing to the contracting officer and include sufficient detail to fully identify the proposed brand or image.

(2) Concessionaire will not take any action to implement or install the brand image until they receive written approval from the contracting officer.

(3) The decision of the contracting officer to accept or reject the concessionaire's proposed brand image is final and not subject to the disputes clause.

12. UTILITIES (APR 05).

- a. The Exchange will pay for all utilities, to include heat, power, water, sewage service, and trash removal unless otherwise provided in the contract. The Exchange will not be liable for losses caused by interruptions of utility service.
- b. Concessionaire will pay for connecting and disconnecting utilities to concessionaire furnished equipment.
- c. Concessionaire will pay all costs for telephone service used in performance of this contract. The concessionaire will publish the phone number in all listings by identifying the type of business or the Exchange Corporate Identity, as applicable, followed by the installation name (i.e., Barber Shop, Hill AFB, or Stripes the Alterations Place, Hill AFB).
- d. Concessionaire and concessionaire employees will comply with the Exchange energy conservation programs. Concessionaire furnished equipment requiring utilities hookup will comply with the Exchange energy conservation policy. Concessionaire furnished equipment determined by the contracting officer to be energy inefficient will be replaced with acceptable equipment at concessionaire's expense.

13. INTERNAL CONTROLS (JAN 13).

Concessionaire will keep a complete and accurate accounting of all transactions including, but not limited to, facility sales, route sales, organization sales, etc.

a. Cash Registers. The concessionaire will provide and maintain cash registers, either Electronic Cash Registers (ECR) or an Electronic POS System as required in the exhibit titled Concessionaire Furnished Equipment and as described below. Cash register procedures follow:

(1) Concessionaire will obtain the written approval of the Exchange Representative on Exchange Form 6550-27, Contractor's Cash Register Record, before a cash register is placed into or removed from service. The approval will document the information listed on Exchange Form 6550-27 and be signed by the exchange representative and the concessionaire. The concessionaire will immediately notify the Exchange Representative if a cash register becomes inoperative. Sales will be recorded on Exchange Form 6550-9, Customer Daily Sales Register, until the inoperative register is repaired or replaced. An Exchange Form 6550-27 must be completed when the inoperative register is removed from service and again before it is returned to service or replaced.

(2) All sales (cash, charge card or deposit) will be recorded on the cash register when the transaction is made. Service and merchandise sales will be recorded separately on the designated keys of the cash register. The customer will be given a cash register receipt for the sale.

(3) Refunds, overrings, void transactions and readings before and after test rings made for other than recording sales (e.g., repair) will be documented using the Concessionaire Cash Register Adjustment Voucher, Exchange Form 6550-24. If the contract requires a cash register with a sales form validation feature, the concessionaire will validate the adjustment vouchers. Attach one copy of completed vouchers, signed by the customer or repairman and concessionaire or concessionaire's designee, to the Z reading receipt tape submitted with the Concessionaire's Settlement Report, Exchange Form 6550-10. All other deductions from sales must be supported as required by the contracting officer.

(4) The concessionaire will X read cash registers daily at close of business. At the monthly cut-off, concessionaire will Z read the register and remove the register tape. Write the activity/branch number on the tape, Z read, then X read the register again to put the opening readings on the next month's tape. Submit Z reading receipt tapes for each settlement period with the Concessionaire Settlement Report, Exchange Form 6550-10, to the supporting exchange accounting office. Cash register journal tapes will be retained by the concessionaire for six (6) months.

(5) Only cash, checks, and other cash instruments received from sales, and established change and petty cash funds will be placed in cash registers. All cash register disbursements such as customer refunds or petty cash purchases must be supported by an appropriate refund or petty cash voucher. Overrings must be reported on the Exchange form 6650-10, Concessionaire Settlement Report in accordance paragraph 14.a., below.

b. Electronic Cash Register (ECR) - The ECR will be a general purpose unit for use in a small business environment. General Specifications:

(1) Key functions: The following key functions are required:

(a) Department Keys: A sufficient number of department keys to accommodate the number of services and/or different fee percentages is required by this contract.

(b) Numeric Keys: Includes 0-9 keys that are used in entering quantity, price and other values as required. Decimal point will be automatic where required.

(c) No Sale Key: Other than the emergency release feature, the no sale key must be the only key that opens the cash drawer when the machine is outside of a transaction. No other keys may be used in conjunction with the no sale

key. The no sales feature must produce a transactional counter printout on the X and Z readout tapes.

(d) Refund Key: Used to refund a completed transaction. Must have separate resettable totalizer which will not subtract nor add to the non-resettable grand totalizer.

(e) Tax Key: A tax key programmable for various tax rates in accordance with the particular state law. Taxes must totalize on the X and Z readout tape. The register should provide for manual entry of tax amounts different than the programmed amount.

(f) Item Correct/Void Key: Used to void item operations within a transaction. Must have a separate resettable totalizer which will not subtract nor add to the non-resettable grand totalizer.

(g) Validation Key: A validation key and slip printer capability. Validation print will be on an item basis, not a transaction basis, printing only a single line of data on a single or multiple copy form.

(h) Exchange Coupons: Use for coupon redemption. Coupons must totalize on the X and Z readout tape.

(i) Cash: Used to document tender type. Cash must totalize on the X and Z readout tape.

(j) Checks: Used to document tender type. Checks must totalize on the X and Z readout tape.

(k) Charge: Used to document tender type. Charges must totalize on the X and Z readout tape.

(l) Exchange Gift Cards (Optional): Used to document gift card redemption and is an option key, however, total amount of gift cards redeemed must be reported on the Exchange Form 6650-10, Concessionaire Settlement Report in accordance with paragraph 14.a., below.

(m) Other Keys: Other keys may be used as determined by the concessionaire. Registers with received-on-account, paid out, or other features that subtract from the department total and non-resettable grand totalizer must have those features blocked for non-use. Charge: Used to document tender type.

(2) Physical: The ECR may be unified or modular in design with overall uniform dimensions not to exceed 21" deep x 20" wide x 18" high. The cabinet will be made of durable molded plastic type material or other heavy duty construction that is stain resistant and easy to clean with general purpose household cleaners. All hinges, locks, latches, mounting brackets and other cabinet hardware will be constructed of metal or other equally durable material that is rust resistant and designed for heavy daily use. The register will be designed to insure that miscellaneous items such as paper clips, metal staples, coins and etc. cannot accidentally enter or fall into the register.

(3) Cash Drawer: The cash drawer will be of heavy duty construction designed for constant daily use. It will have an emergency release mechanism preferably located under the drawer. The ECR must have a closed drawer feature to prevent register operation unless the drawer is closed and fully latched.

(4) Keyboard: The keyboard shall be the basic mode of information entry. It shall consist of 10-numeric value keys arranged in standard adding machine configuration, functional keys as required to perform all cash register functions and transaction keys to perform all required cash register transactions. An audible tone will sound when a key is depressed or an error is made.

(5) Displays: Operator and customer displays are required. Both will be large, easy to read panels having a minimum character height of 1/2 inch. It will display a minimum of 8 numeric values and required transaction indicators. The customer display must be viewable by customers at all times.

(6) Printer Tapes: Must print a Customer Receipt Tape and a Journal Tape.

(a) Customer Receipt Tape will print header, proper descriptors (including department number) next to amounts and the date. Receipt print shall be legible and self-explanatory and be identified with a cash register number and a transaction number.

(b) Journal Tape will contain the date, each transaction total, no sales, voids, refunds, overrings, coupons, tender type, X and Z readings and a non-resettable customer or transaction counter printed on it. It shall be legible and self-explanatory. Changing of receipt and journal tape will not require removal of any part of the print mechanism or electroplate.

(c) ECRs will have a Customer Receipt and Journal Tape (two station) alpha/numeric dot matrix printer units. Unified ECRs will have a "fixed" self-contained, 2-station printer unit with either a drum or alpha/numeric, dot matrix print element.

(d) The 2-station printer receipt and journal paper will be single-ply rolls having identical dimensions to

allow one size roll to fit both printers. Paper will be either 38MM or 44MM wide. The receipt and journal will space and feed paper independent of the other.

(e) The journal tape will be automatically rolled and stored in a compartment

(7) Grand Totalizer: Must have a non-resettable grand totalizer, non-resettable Z reset counter and non-resettable transaction counter. It must produce an X and Z readout tape totaling each/all functions of the register. The non-resettable grand totalizer and Z reset counter need not print on the X tape. The Z readout, after initial printing, must clear all totals except the three non-resettable totalizers.

(8) Electronic Memory Unit: Will identify by letter abbreviation or numerical identification department numbers, total, change, amount tendered, X and Z operations and any other salient features of the ECR.

(9) Totals and Counters:

(a) The register shall have the capability to total all departments with each having a separate total that accumulates net sales, i.e., sales minus refunds and voids.

(b) Grand Totals: The grand total shall be the result of accumulating gross sales data unaffected by refund and void key entries, i.e., it shall not be decreased by refund and void key transactions. The grand total will be non-resettable, nine-digit capacity and will print on the receipt and journal when read (X read operation).

(c) Counters: All counters will be four-digit capacity and non-resettable providing a continuous count for customers or transactions.

(10) Power Requirements: The equipment will have a factory installed, internal power supply that is designed to operate using the commercially available power within the Exchange facility.

(11) Memory Protection: The register will be fully operational after power interruptions or outages without any loss of programming parameters or accumulated totals for a minimum of 125 hours. Register with operating memory on/off switch is not acceptable.

c. Electronic POS System. Offerors who have not previously obtained the Exchange approval of their Electronic POS System must send a request to the Exchange Representative with adequate information demonstrating the capabilities of the system and its compatibility with paragraph 13, Internal Controls, of Exhibit C, Special Provisions. If the request is not approved, offerors must provide the Electronic Cash Register as identified in paragraph 13.b. above. When an Electronic POS System is approved in writing by the Exchange Representative, the requirements of 13.a.(3) and 13.a.(4) above are not waived. However, in lieu of Exchange Form 6650-24, Concessionaire Cash Register Adjustment Voucher, the concessionaire may use a printed POS form completed in accordance with paragraph 13.a.(3). The requirements of paragraph 13.a.(4) are waived only if the POS system has an electronic journal tape. All other requirements of this Special Provision still apply. Concessionaire must supply all documents described in their approved system procedures with each settlement report. Modifications of the approved procedures and reports will require written approval of the Contracting Officer prior to implementation.

d. Forms. The following procedures apply if customer property is accepted for servicing, a deposit is collected, an item is rented, an item is sold on layaway, an item is purchased to be delivered, or an item is ordered for customers.

(1) Concessionaire will provide prenumbered claim tickets, work orders, sales forms, or order forms as appropriate, acceptable to the contracting officer. Forms will list concessionaire's name, followed by the phrase "Exchange Service Concessionaire." Where the contract specifies that the concessionaire will perform under an Exchange Corporate Identity, the phrase "Exchange Service Concessionaire" will be replaced with the name and logo of the Exchange Corporate Identity. A separate number series will be used for each outlet and forms will be numbered to preclude repetition of numbers during the contract. Concessionaire will submit a list of forms assigned for use by each outlet or route to the supporting exchange office. Distribution of copies will be prescribed by the contracting officer.

(2) Concession activities accepting customer property for servicing or processing will use claim tickets providing spaces for the following information as applicable: (a) date of order, (b) customer's name, rank, organization or address, and telephone number, (c) description of customer property, (d) list of each service performed, (e) charge(s) for each service, (f) sales tax if applicable, and (g) the following: "If the property identified on this order is not picked up within 90 days after the item is ready, the customer donates and transfers all right, title, and interest in the property to the Army and Air Force Exchange Service." (In case of privately-owned vehicles left for servicing, the customer will be required to sign adjacent to the clause on the concessionaire copy of the order.)

(3) Forms will be used in numerical sequence. Voided forms will be annotated with the number of the form used to replace it and processed as a completed transaction. Customer identification and a full description of each product sold,

or service performed, will be listed on the form and the charge for each item listed separately. Parts and/or products will not be included with service as a single charge. If the contract requires a cash register with a sales form validation feature, the concessionaire will validate each form for every sales transaction.

(4) The customer will be furnished a copy of completed form. If a customer calls for property without a claim ticket, require identification, obtain the customer's signature on the control copy, countersign, and indicate the date of pickup.

(5) Route sales will be shown separately on the settlement report.

(6) If a customer picks up a portion of the items listed on a claim ticket, the unclaimed items will be listed on a new claim ticket, and the customer furnished a copy.

(7) Completed forms will be retained in the originating activity for 90 days (1 year for automotive activities) after the applicable settlement report date. After this period, concessionaire will remove forms from the concession activity and maintain at concessionaire's records storage area for three (3) years after final payment under the contract.

e. Customer Daily Sales Register. If a cash register is not required, concessionaire must use Exchange Form 6550-9, Customer Daily Sales Register. The register will be prepared in duplicate, showing the applicable sales data and signed by the customer. Each sale will be recorded on the sales register at the time payment is made. Customers will be given a receipt showing the name of the concessionaire, item purchased, purchase price, and date of sale. Customer refunds will also be recorded on the sales register. Refund amount will be enclosed in brackets and deducted from register totals. Each refund entry must contain the customer's name, address, telephone number, and signature. Attach a copy of all completed register pages to the settlement report.

14. CONCESSIONAIRE SETTLEMENT REPORT (JAN 13).

a. Concessionaire will prepare Exchange Form 6550-10, Concessionaire Settlement Report, or other reporting format approved by the contracting officer, in duplicate, for each reporting period, listing each facility separately on the report. Copies of the Z reading receipt tapes (originals only), Concessionaire Cash Register Adjustment Vouchers, Exchange Form 6550-24, and Customer Daily Sales Register, Exchange Form 6550-9 (if authorized for use), for the reporting period will be attached.

b. The reporting period will be by calendar month.

c. An original Concessionaire Settlement Report must be forwarded to arrive in the supporting exchange accounting office or Exchange Headquarters/FA and one copy of the original to the Exchange Representative no later than the 15th calendar day of the month following the reporting period.

15. FEE DEPOSIT AND PAYMENT (MAY 99).

a. The "Estimated Fee" is determined by multiplying the contract fee by the estimated monthly sales in the solicitation. The estimated sales may be revised by unilateral contract agreement if the actual sales vary significantly from the estimated sales. Payments must be made to arrive in the supporting exchange accounting office as follows:

(1) If the "estimated fee" is less than \$1,500, the actual fee payment for the monthly reporting period is due no later than the 15th calendar day of the following month;

(2) If the "estimated fee" is \$1,500 or more, concessionaire must deposit with the exchange accounting office one-half the "estimated fee." The full amount of the actual fee for each monthly reporting period is then due no later than the 15th calendar day of the following month. The fee deposit will be refunded to the concessionaire within 30 calendar days of the expiration/termination of the contract, less any amount due the Exchange. No interest will accrue to concessionaire on the deposit while held by the Exchange.

b. Fee (and settlement report) for less than a full reporting period upon termination or expiration of the contract will be forwarded to arrive no later than 10 calendar days after termination or expiration of the contract. Payment of flat fees will be prorated.

c. When the 15th day of the month falls on Saturday, Sunday, or a national holiday, payment will be due the next working day.

d. A late charge of \$75.00 will be assessed on all fee payments not received at the designated payment office by close of business on the date due. This charge will be in addition to other remedies provided by the contract.

16. TAXES (FEB 89).

a. Concessionaire is responsible for determining the applicability of and for payment of all federal, state, host country, and local taxes applicable to the property, income, and transactions of concessionaire. If required by applicable laws and regulations, concessionaire will collect and remit sales taxes to the state. Sales taxes which have been collected as required by Clause 8, Prices, will be excluded from the computation of gross receipts. The amount excluded will be listed on the Concessionaire Settlement Report. The amount of taxes excluded will not exceed the actual sum payable to the state. If required by state law or regulation, concessionaire will obtain and conspicuously display the state sales tax permit.

b. Concessionaire warrants that the contract prices or other consideration do not include any tax or duty from which concessionaire is exempt under the laws or agreements of the United States Government, state or host country where this contract is performed. If any such tax or duty has been included in the pricing or consideration through error or otherwise, the contract pricing or consideration will be correspondingly reduced or adjusted. If for any reason after the contract date, concessionaire is relieved, in whole or in part, from the payment or the burden of any tax or duty included in the contract pricing or other consideration, the contract pricing and/or other consideration will be correspondingly reduced or adjusted.

c. If this contract covers an activity involving a Federal Occupational Tax, concessionaire agrees as a condition precedent to engaging in or operating such activity, to tender to the Exchange the amount of any Federal Occupational Tax applicable thereto if payment has not been accomplished by concessionaire, or to reimburse the Exchange the amount of any such tax the Exchange has paid as a result of the operation of such activity by concessionaire. As between the parties of this contract, notice or demand for payment from an office of the U.S. Internal Revenue Service will be conclusive that the Federal Occupational Tax is payable and in the amount so specified to be due.

17. CONCESSIONAIRE AND CONCESSIONAIRE EMPLOYEES (CONCESSION PERSONNEL) (Jan 00).

a. Responsible management will be provided during all hours of operation at the concession activity. The manager or designated representative will be knowledgeable of contract terms and conditions and will have authority to conduct business as required by this contract. Authority will include, but will not be limited to, purchase of operating supplies, maintenance and repair of equipment, training of employees, maintaining prescribed hours of operation, supervision of concessionaire employees, and settlement of customer complaints and claims. The concessionaire will provide written notice to the contracting officer naming the person appointed manager or representative.

b. Concessionaire will furnish a sufficient number of trained, qualified employees to ensure the efficient performance of this contract. New concessionaires will give first consideration for employment to employees of the previous concessionaire, or if direct operated, Exchange employees.

c. All concessionaire employees having customer contact must be able to read, write, and speak English at a fluency level sufficient for efficient performance of the contract.

d. The concessionaire will, at concessionaire's expense, make employees available for any applicable training according to training dates determined by exchange management.

e. Concession personnel must meet the health and security standards prescribed by the contract and applicable regulations, and must obtain installation passes, permits, and security clearances when applicable.

f. Concession personnel will be neat and clean. Customer contact personnel will wear attire typical of styles commonly used by the better local commercial facilities of the same trade and as approved by the contracting officer. Nameplates will be worn by all customer contact personnel. For branded facilities the logo nameplate will be provided by the concessionaire. For non-branded facilities, the standard Exchange nameplate will be worn in the manner prescribed by current directives. Standard Exchange Nameplates will be furnished by the Exchange to the concessionaire at a nominal cost.

g. Concession personnel will give prompt and courteous treatment to authorized customers.

h. Concession personnel will abide by applicable regulations and directives and conduct themselves so as not to reflect discredit on the Exchange.

i. Concessionaire will discontinue the use of any employee for performance of this contract upon written notice from the contracting officer that the individual is not (or no longer) acceptable for performance under this contract. Concessionaire will not use any such employee to perform other Exchange contracts without the prior written consent of the applicable contracting officer.

j. Concessionaire will not employ any individual for this contract who has been determined unacceptable for performance under any other Exchange contract or has been separated for cause by the Exchange.

18. ACTIONS TO BE TAKEN UPON TERMINATION (INCLUDING EXPIRATION) (JAN 05).

a. If contractor desires to sell, and the Exchange desires to purchase, any or all of the concessionaire furnished property including equipment, furniture and movable trade fixtures, etc., used in the facility by concessionaire for this contract, the value of the property will be jointly agreed upon by both parties. Contractor must show clear title to all items transferred.

b. Concessionaire will promptly settle concessionaire's account with the Exchange including payment in full of all amounts due; yield up the premises, installed property and fixtures, and all the Exchange furnished property, clean and in as good order and condition as when received (damage due to acts of God or the U.S. Government, and ordinary wear and tear excepted); surrender all installation passes, decals, etc., for all concession personnel; and complete satisfactory settlement of all customer complaints and claims. Termination of this contract does not release concessionaire from the obligation to satisfactorily settle customer complaints and claims.

c. Concessionaire will promptly remove all concessionaire furnished property not purchased by the Exchange including equipment, furniture and movable trade fixtures, tools of the trade and supplies. Property will be removed after the close of business on the final day of the contract unless other arrangements have been approved by the local exchange. Upon failure to yield up the premises or remove concessionaire's property as required, the contracting officer may enter the premises, have concessionaire's property removed and stored in a warehouse at concessionaire's expense, and have the premises cleaned and restored at concessionaire's expense. In this event the Exchange will exercise due care in the removal and storage of contractor's property, however the Exchange assumes no liability for any loss or damage to concessionaire property under these circumstances. If concessionaire is indebted to the Exchange, or does not promptly remove concessionaire property, concessionaire authorizes and empowers the contracting officer or their representative to take possession of concessionaire's property and dispose of same by public or private sale without notice, and out of proceeds of sale, satisfy all costs to the Exchange including the costs of sale, handling, storage, etc., and any other indebtedness to the Exchange.

d. If concessionaire is not awarded a follow-on contract, concessionaire will arrange transfer of the activity's telephone number to the new concessionaire unless prohibited by the servicing telephone company.

e. Where concessionaire performed the contract under an Exchange Corporate Identity, concessionaire will cease use of all the Exchange names and identity standards upon the termination or expiration of the contract.

19. UNCALLED-FOR CUSTOMER PROPERTY (DEC 88).

Customer property not picked up within 90 days from the ready date is uncalled-for customer property and will be handled as follows:

a. Concessionaire will contact the customer if the property is not picked up within a reasonable time after it's ready and will keep a record of contacts. If required by the contracting officer, concessionaire will provide a list of uncalled-for customer property indicating the order/ticket number, customer name, description of item(s), and amount due.

b. The contracting officer will determine disposition of uncalled-for customer property. Uncalled-for customer property valued at more than \$100.00 released to concessionaire must be accounted for. Items sold will be handled as a sale. Fees will be paid on these transactions.

c. Customer vehicles will be turned over to the exchange with copies of the customer order, the work order, the notification to the customer, and all other available documentation.

20. LOST, ABANDONED, AND UNCLAIMED PROPERTY (DEC 88).

Personal property left in the concession area will be promptly returned if the owner can be identified. If prompt return is not possible, the items will be turned over to the appropriate military office for lost, abandoned or unclaimed items. (Example: a customer leaves an umbrella in the concession.)

21. INVENTORY TRANSFER (FEB 89).

a. If this contract is not awarded to the incumbent concessionaire or is for converting an Exchange direct operated service activity to concession operation, the new concessionaire will purchase all unclaimed finished customer orders-which involve processing or repair of customer-owned property-from the previous concessionaire or the Exchange. This

does not include uncalled-for customer property, as defined in Clause 19 of this exhibit. The unclaimed finished customer orders are to be purchased by the commencement date of service under this contract, and the purchase price will be the full charge(s) in effect at time customer(s) turned the item(s) in for processing or repair, less any cash deposit(s) and less the Exchange's fee under any previous contract. The outgoing concessionaire will deliver at no charge all unprocessed orders to the new concessionaire. The new concessionaire assumes full responsibility for servicing unprocessed orders and delivering the finished orders to customers at the original price. Payment of fee to the Exchange will be at the rate in either the previous contract or, if previously an Exchange direct operation, this contract. Before starting service under this contract, a listing of transferred inventory-by finished and unfinished work-signed by both the outgoing and incoming concessionaires will be given the contracting officer.

b. Upon expiration or termination of this contract, concessionaire will transfer all undelivered customer orders to any new concessionaire or to the Exchange, as determined by the contracting officer. Payment to concessionaire will be on the basis of the full charge(s) under this contract, less any cash deposit(s) and less the Exchange's fee. Contracting officer will determine appropriate disposal for uncalled-for customer orders. Any monies received from the sale of uncalled-for customer property will be remitted by the Exchange to concessionaire, to the extent of concessionaire's share of the customer charges for services rendered.

22. INDEBTEDNESS (FEB 89).

a. Concessionaire will pay promptly according to the terms of this contract all indebtedness incurred in connection with performing the contract. If a due date is not specified, payments due the Exchange must be received no later than 15 days after receipt of notice of amounts due. If all amounts due under this or other contracts are not received, at any time thereafter the contracting office may direct by written order that daily receipts be turned over to the Exchange until all amounts owing the Exchange are paid.

b. The Exchange may charge concessionaire for a dishonored check received from concessionaire, except when (1) the bank acknowledges the dishonor to be a bank error or (2) the return is the result of an Exchange error. The charge will not exceed the administrative amount the Exchange normally charges its customers for dishonored checks. The contracting officer may require payment to be made in cash, certified check, or cashier's check.

23. PRICE/FEE REVISIONS (FEB 89).

The prices and fees established in this contract will remain firm throughout the term of the contract unless revised according to the following:

a. The contracting officer may initiate a price increase or decrease or grant one at request of the concessionaire. A price increase or decrease will be at the sole discretion of the contracting officer. In the event of a price decrease, the fee to the Exchange will be decreased to result in the reduction of income due to the price decrease being absorbed by the Exchange. Any increase/decrease in concessionaire expenses directly attributable to price revisions will be taken into consideration by the contracting officer in computing the appropriate fee change.

b. The contracting officer will make such price/fee revisions by issuing a unilateral contract amendment to become effective on the date indicated in the amendment. The concessionaire will implement the prices on the date established in the amendment. The fee revision will be considered final unless concessionaire submits a request for reconsideration to the contracting officer within 30 days after receipt of the amendment. A request for reconsideration may only be based on the fact that the contracting officer's fee revision will result in loss of income to the concessionaire which can be directly attributed to the price revision. After receipt of a request for reconsideration, the contracting officer will reconsider the action and issue a final decision under the Disputes clause of this contract. However, nothing in this clause will excuse the concessionaire from proceeding with implementation of the revised prices on the date established in the amendment.

24. INSURANCE (FEB 89).

a. Concessionaire will maintain in full force and effect, during the contract, at least the insurance coverage in the Insurance Requirements exhibit.

b. Concessionaire will be liable for damage, loss or injury to property or persons resulting from acts or omissions of concessionaire, concessionaire's employees or agents, whether or not covered by required insurance.

25. PROMOTIONAL EVENTS (APR 05).

Concessionaire will conduct promotional events as specified below:

a. Concessionaire Sponsored (Paid-For) Promotions:

(1) Concessionaire must pursue an active sales promotion program featuring, at a minimum, the number of events specified in the Promotional Events clause of the Schedule. The concessionaire promotion program will be equal to or better than programs offered in the commercial sector by similar businesses. The period for each promotional event will coincide with the Exchange promotional event schedule. Fee to the Exchange will be calculated on the discounted price.

(a) The specific promotional items/services, discounts, and promotion dates will be coordinated by written agreement between the concessionaire and the Exchange. The agreement need not be in the form of an amendment to the contract.

(b) The concessionaire will provide the exchange a proposed promotional program for the balance of the calendar year within 30 days of contract award. The concessionaire will provide a proposed promotional program during the month of November each year for the subsequent calendar year. The promotional program will describe the items/services to be promoted, the dates of the promotion, and the discounts proposed.

(2) If concessionaire operates as a branded business, they will participate in the promotion programs developed by the brand.

(3) Other promotional price reductions for limited time periods may be provided upon written agreement between concessionaire and the Exchange. Such written agreement may provide for temporarily reducing fee in conjunction with the promotional price reduction. The agreement need not be in the form of an amendment to the contract.

b. Exchange Directed Promotions:

(1) Concessionaire will participate in all Exchange Special Coupon Booklets/Programs. Periodically, the Exchange will provide customers with special coupons in recognition of events or achievements (i.e. reenlistments, birth of a child, newcomers, educational achievements, deployments, etc.) for use in purchasing merchandise or services that may be provided under this contract at reduced prices. The coupon will show the specific amount of discount customers will be entitled to receive. The Exchange will fund the full cost of the face value of these coupons and the cost of marketing and advertising materials.

(2) Concessionaire will participate in all Exchange promotions identified in the Promotional Events clause of the Schedule. Cost of these promotions will be as stated in the Schedule and may either be Exchange funded, concessionaire funded, or shared between the Exchange and the concessionaire.

(3) Concessionaire will participate in any other Exchange directed promotions. These promotions may include, but are not limited to, percentage or dollar off coupons, temporary price reductions, reduced prices for service or merchandise with purchase of regular priced service or merchandise, frequent purchase/loyalty card program, gift with purchase, etc. The Exchange will fund the full cost of these promotions.

(4) When the Exchange directed promotions require the redemption of an the Exchange coupon, concessionaire must comply with the following guidelines:

(a) Concessionaire will honor and redeem all Exchange coupons presented by exchange customers. The coupons are redeemable at face value only towards purchase of specific item/service indicated, subject to compliance with any time limit and/or other restrictions that may be specified. Coupons will not be redeemed for cash.

(b) The regular sell price (price before discount) will be rung on the cash register. The amount of money collected from the customer will equal the regular sell price discounted by the coupon's face value. Concessionaire will calculate fee to the Exchange based on the regular sell price, before considering the discount customers are entitled to resulting from redeeming the special coupons.

(c) If directed by the Exchange, concessionaire will have the customer print and sign their name and print their telephone number and the date on each coupon redeemed.

c. Concessionaire is encouraged to advertise in media produced primarily for distribution on military reservations to authorized customers. Advertising in commercial media not specifically directed towards the military market, when not otherwise prohibited by the contract, requires prior approval of the contracting officer.

26. EXCHANGE TABLOID/SPECIAL SALES COUPONS, EXCHANGE GIFT CARD REDEMPTION

(SEP 13).

a. Exchange Tabloid/Special Sales Coupons:

(1) Concessionaire will enter the total face value amount of the Exchange Tabloid and Special coupons redeemed

during a reporting period on the Concessionaire Settlement Report, Exchange Form 6550-10. The coupons received and redeemed will be submitted to the supporting exchange accounting office with the settlement report. The supporting exchange accounting office will verify the coupon amount.

(2) Concessionaire will deduct the total face value of the coupons redeemed from fee payment unless otherwise specified by the contract.

b. Exchange Gift Cards:

(1) Concessionaires will follow all current the Exchange policies and procedures regarding acceptance and processing of gift cards, as set out in Exchange EOP 40-11 (Special Retail Programs).

(2) Concessionaire will honor Exchange Gift Cards and redeem for merchandise. Cash back from the gift card is not authorized in concession activities nor can they be redeemed for cash only at concession activities.

(3) Ring the merchandise selected and total the sale in the cash register or POS system.

(4) Enter the dollar amount of sale in the verifone, swipe gift card on the verifone or manually enter number from back of card.

(5) If the amount of the sale is greater than the face value of the card(s), collect additional amount due from customer.

(6) The Exchange will reimburse concessionaire for amount of the Exchange Gift Card(s) redeemed by exchange customers as follows:

(a) The concessionaire must use ONLY their assigned Verifone to process Gift Cards to eliminate the possibility of not being reimbursed for Gift Cards redeemed. Gift Cards will not be accepted during periods of downtime, or if Verifone is not active or available.

(b) The Exchange Gift Card(s) need to be listed on a transaction log, Exchange Form 4200-007, which will be submitted weekly to the Exchange HQs FA office. The Exchange HQs FA office will verify the Exchange Gift Card amount against the RMDS reports and will reimburse the concessionaire the amount on a weekly basis.

27. REFUNDS (DEC 88).

a. Concessionaire will be responsible for refunds to customers for customer dissatisfaction with an item or service or for any overcharges to customers. Should concessionaire refuse or fail to promptly make any refund of overcharges to a customer, the Exchange may make the refund and charge the amount to concessionaire's account. If a customer cannot be located or if refund to a customer is otherwise not practicable as determined by the contracting officer, concessionaire will pay the amount of the overcharge to the Exchange within 15 calendar days from date of demand by the Exchange.

b. Requests for refunds not promptly honored are considered complaints or claims subject to the provisions of the Customer Complaints and Claims clause.

28. CUSTOMER CHECKS (MAY 05).

a. Concessionaires are strongly encouraged to accept both local and out-of-town checks in payment for merchandise and services.

b. Concessionaire may charge the customer for a dishonored check except when (1) the bank acknowledges the dishonor to be a bank error or (2) the return is the result of a concessionaire error. Concessionaire may not charge more than the administrative amount charged by the Exchange for dishonored checks. Losses from dishonored checks are concessionaire's responsibility.

c. Under no circumstances will the concessionaire record the customer Social Security Number (SSN) on the check.

29. SAFEGUARDING OF CONCESSIONAIRE FUNDS ON ARMY AND AIR FORCE INSTALLATIONS (DEC 88).

a. When more than \$100 are kept in the concessionaire facility during non-operational hours, funds will be secured in a steel safe equipped with a three-position combination tumbler locking device.

b. When more than \$500 are held in the concessionaire facility during non-operational hours, the safe must:

(1) be secured to the premises by being encased in a concrete bed; or

(2) be bolted or steel-strapped to a floor beam or an internal wall support beam with the bolts or straps concealed to prevent cutting or prying; or

(3) weigh in excess of 1,000 pounds.

30. CHARGE CARD AND MILITARY STAR CARD SALES (MAY 05).

a. Charge Cards:

(1) Concessionaire will accept Visa and MasterCard. Concessionaire may also accept other recognized U.S. commercial charge cards.

(2) Concessionaire will accept the GSA Smart Pay Card and Government Purchase Card (GPC) from authorized customers and DoD civilians for official purchases upon presentation of the charge card and a Government Identification Card.

(3) Concessionaire is responsible for the payment of any fees, charge backs, and other arranged costs levied by the charge card issuing companies.

b. Military Star Card:

(1) Concessionaire will accept the Military Star card for products/services as authorized in this contract. Primary responsibilities are as follows:

(a) Concessionaire will report such sales on the Concessionaire Settlement Report in the same manner as other credit card sales.

(b) The Exchange will provide procedures and forms required to process the Military Star card credit transactions.

(c) Concessionaire will be charged a processing fee of 2.0% of all Military Star card transactions, to include sales tax, less merchandise refunds or adjustments, which will be deducted from the Exchange reimbursement to the concessionaire. The fee percentage may be administratively reduced by the Exchange without contract amendment.

(d) The Exchange will pay the contractor in accordance with the Payments clause shown below.

(e) The Exchange will be responsible for collection of Military Star card account balances from customers.

(f) Concessionaire will handle refunds and adjustments under the Military Star card program in the same manner as other credit card sales.

(g) The term "daily sales receipts" in Special Provision 22, "Indebtedness", is expanded to include any funds payable to the concessionaire under the Military Star card program.

(2) Payment (CONUS):

(a) Payment will be made weekly based on concessionaire's weekly summary of Military Star card transactions as verified and reported by the local exchange. A check will be issued weekly covering the prior Monday through Sunday time period. The check will be sent out approximately one week after the Monday through Sunday transaction period.

(b) Date of payment is determined to be the earliest of the following:

((1)) Date of the check issued to the concessionaire, or

((2)) Date an electronic fund transfer is received by the concessionaire regardless of the date the financial institution posts the transfer, or

((3)) Date a withholding authorized by the contract is initiated by the Exchange.

(c) Payment will be made by mailing a check to the address shown on the contract, unless the concessionaire provides a different "remit to" address to the contracting officer.

((1)) If a contractor wishes to change the address (e.g., street, P.O. Box, city/state) to which payment should be sent or wishes its payments to also reflect a financial institution or a factor's name and be sent to a factor's address, the request must be in writing, signed by a responsible official of the contractor, and submitted to the contracting officer. Any such request must clearly establish which division or subsidiary of a corporation such changes apply to and the address that is superseded by the changes. These changes will become effective when approved by the contracting officer and on the date determined by the Exchange. This will normally be 30 days after approval. Changes will be done on an accommodation basis only, with the understanding that no legal obligation is imposed on the Exchange for failure to make payment to the new payee/address. The contractor may in similar manner, revoke such changes.

((2)) Any request by the contractor to change the name shown on the contract or to assign payment must be sent to the contracting officer.

(d) Any questions or inquiries concerning payments should be directed to the contracting officer. Unidentified and duplicate payments must be brought to the attention of the contracting officer immediately upon discovery. The contractor is required to mail a copy of the Exchange check voucher received with unidentified or duplicate payment highlighted. Under no circumstances should unidentified payments be applied against other amounts due.

(e) Contractors are to wait at least 30 days past the due date of the payment before writing the contracting officer. Any interest penalties due to contractor will be computed in accordance with the Prompt Payment Act, 31, U.S.C. 3901-3906 as amended.

31. INSPECTIONS (MAR 00).

a. The Exchange contracting officer, or any person designated by the contracting officer, may conduct inspections to ensure compliance by the concessionaire with all provisions of this contract.

b. The Exchange may perform surveillance to verify concessionaire and concessionaire employee compliance with contract terms and to detect theft of government funds. Surveillance may include the use of electronic equipment. Concessionaire will inform employees that such surveillance may be conducted and that individuals implicated may be prosecuted in Federal courts. Concessionaire will obtain written certification from all employees that they have been so informed and will maintain the certification on file for the period of the contract. A form for this certification is available from the contracting officer.

c. Concessionaire is liable and will pay the Exchange for losses under this contract detected by surveillance or otherwise discovered or incurred.

32. SMOKING POLICY (DEC 86).

The smoking policy for concession operations will be as directed by the general manager.

33. HEAVY METAL LEACHING (DEC 07).

If there are products furnished under this contract that can reasonably be used to carry food or liquid for human consumption and made of a substance prone to heavy metal leaching such as, and to include, pewterware, earthenware, ceramicware, chinaware, ironware, lacquerware, bronzeware, brassware, leaded crystalware, and coated/plated items with a heavy metal base, Concessionaire warrants that any such product contains no leachable levels of metals dangerous to users. Maximum leachable levels and test methods are established by the U.S. Food and Drug Administration. The Exchange reserves the right to test concessionaire products on an unannounced basis. If a heavy metal leaching failure is found, concessionaire agrees to reimburse the Exchange for all followup costs to sample test the remainder of his items for the duration of the contract. This provision does not supersede, replace, or cancel other remedial provisions allowed by the contract. Concessionaire further warrants that products have been tested by either the U.S. Food and Drug Administration or a nationally recognized independent test laboratory and found to be in compliance with the current U.S. Food and Drug Administration action levels and test methods. Test data will be furnished to the Exchange upon request by the contracting officer.

34. EXCHANGE/VENDOR PARTNERSHIP MARKETING PROGRAM (JUL 94).

The Exchange Marketing Program consists of numerous elements to enhance the sale of consumer products and services. At the contractor's request, the Exchange will give the contractor the opportunity to participate in selected elements of the Program. All participation will be in conjunction with the sale of authorized products and services to authorized customers. The Exchange reserves the right to limit the degree of participation based on availability, designated themes of special events, and the overall goals of the program.

35. ORGANIZATIONAL SALES (NOV 00).

Concessionaire may sell items to authorized official organizations and activities of the U.S. Armed Forces. Sales will be recorded on the cash register at the time the sales transaction is made. Any losses incurred as a result of organizational sales are concessionaire's responsibility.

EXHIBIT D

PRICE SCHEDULE

1. **Barber Services:**

a. High Volume Item(s) - The item(s) of service to be provided and unit price(s) to be charged are fixed, as follows:

<u>Item</u>	<u>Unit Price</u>
Haircut, Regular	\$ 9.90**

Haircut, Regular - A tapered or blocked haircut done with clippers or scissors or a combination of both. Generally done dry. Length of hair doesn't require specialized shaping, layering, or contouring beyond normal blending and tapering. Includes standard military haircuts as outlined in AR 670-1 and AFI 36-2903.

b. Low Volume Items comprise the balance of the anticipated business. The low volume prices will be at least 10% below the local commercial prices. After contract award, but before commencement of performance, the concessionaire will conduct a survey of local commercial establishments and submit a proposed price list to the exchange General Manager for review and approval. Should the two parties fail to agree on prices, they will conduct a joint price survey of firms in the local market area and establish prices a minimum of 10% below the average surveyed prices. The concessionaire will provide an approved low volume item price list to the Contracting Officer. Low volume prices will not be considered in the evaluation of proposals for contract award. Typical low volume services are shown below.

(1) Barber Services:*

Shampoo, Plain
Style Cut
Complete Hair Style
Flat Top
Conditioner, Plain
Facial Shave
Neck Shave
Mustache Trim
Beard Trim
Beard Styling

*Note: All cuts include a mustache trim and the Style Cut and Complete Hair Style include a beard trim if desired by customer.

****DENOTES CHANGE**

Shampoo, Plain - General washing of the hair with a regular type shampoo. May include a conditioner mix.

Style Cut - A layered haircut done with shears and/or razor. Hair generally longer than normal and an individual effect is created by shaping, layering and contouring of the hair. Often done with wetting the hair and the final result achieved by blow-drying to customer-selected appearance. Shampooing and conditioning enhance results, but are not included in the price and are provided at customer's option. A style cut is a change in hairstyle, including converting a regular haircut to a flat top or a flat top to a regular haircut.

Complete Hair Style - The style cut with shampoo and conditioning. The end results are unique and represent the creative ability of the stylist in blending the hair to the personality and physical characteristics of the patron.

Flat Top - A haircut that maintains the flat top while keeping the same flat top appearance.

Conditioner, Plain - Instant cream type conditioner. Secondary rinse of the hair. Normally performed after a shampoo as a separate application. Included with the complete hairstyle package.

Facial Shave - The removal of facial and neck hair using a disposable (single use only) safety razor. The service begins with the application of warm water followed by lather, gel, or oil to condition the skin and beard. As described in "The Standard Book of Barbering," a minimum of 14 separate strokes is required in providing a proper shave.

Neck Shave - The removal of hair from the nape of the neck using a disposable (single use only) safety razor. The service begins with the application of warm water followed by lather, gel, or oil to condition the skin. Service is normally provided in conjunction with a regular hair cut or style cut.

Mustache Trim - Included in price of all haircuts. When sold separately, price is as stated.

Beard Trim - A general shaping of the beard to present a neat, uniform appearance. Does not include edging and styling to a new appearance.

Beard Styling - A beard trim including edging with an outliner to style the beard to a desired appearance.

(2) Shoe Shine Services:

Shoes, Low Cut, Dyeing and Shining
Shine (brush)

Dye and Shine (brush)
Shine (spit)
Dye, spit shine

Boots, Dyeing and Shining
Shine (brush)
Dye and shine (brush)
Spit shine (heel and toe)
Dye and shine, spit (complete)
Spit shine (boots, complete)

c. Unlisted Barber Services - Concessionaire may provide other authorized barber services not specifically listed at a price mutually agreeable to concessionaire and customer. The price must be agreed upon by the parties before the service is performed.

2. **Sale of Concessionaire-Owned Merchandise:**

a. The concessionaire may sell items of concessionaire-owned merchandise to include an assortment of ethnic hair care salon type products within the categories listed below. Such merchandise will not be identical to merchandise sold in Exchange retail stores. Concessionaire will not sell any item that exceeds the applicable Exchange cost price limitation. Items selected for stockage and sale will require prior approval of local exchange management.

Styling Gels	Sprays	Conditioners
Shampoos	Styling Combs and Brushes	Tonics

b. Concessionaire must offer a minimum of 1 nationally recognized brand name from manufacturers of Traditional and Ethnic hair care products. Concessionaire may select a manufacturer from the list below or may provide another product line upon approval from the contracting officer. Contractor must carry a minimum of 4 line items from each brand selected.

Traditional Assortment	Ethnic Assortment
Paul Mitchell	Dudley
Matrix	Mazani
Biologie	Design Essentials
Nioxin	Motions
American Crew	Care Free
Regis	Wave Nouveau
Redken	Keracare
Sebastian	

c. Concessionaire-owned merchandise will be priced to the customer at no higher than 175 percent of the concessionaire's invoice cost from the supplier, rounded to the nearest five cents (\$0.05). Example: Invoice

cost $\$0.74 \times 175\% = \1.295 . Sell price, rounded to the nearest $\$0.05 = \1.30 . Sell prices must reflect visible customer savings of at least 10 percent in comparison to established community retail prices. Merchandise may be sold at a lesser price to clear obsolete or excess merchandise, to meet the competition of the local civilian economy, or to provide special promotional events. Supplier invoices and manufacturer's retail price data for concessionaire-owned items will be available on the premises of the concession activity at all times for inspection by the contracting officer or his designee.

d. Prices of concessionaire-owned merchandise may be changed whenever there is a change in concessionaire's invoice cost, and such changes will be effective upon receipt of the first delivery of replenishment merchandise at concessionaire's new invoice cost.

EXHIBIT E

FEE SCHEDULE

1. Offeror must enter below the single fee percentage and contract period offered to the Exchange. The contract period must be in whole years; not less than two years or more than five years. You should select the contract period that is most advantageous to you. The fee on the sale of concessionaire-owned merchandise will be 10%. Fee will be paid based on the total adjusted gross sales of all locations in this contract.

<u>FEE</u>	<u>CONTRACT PERIOD</u> (Choose from 2, 3, 4, or 5 years)
24.78%	<u>5</u> years

2. Fee Deposit and Payment: Pursuant to paragraph 15, Fee Deposit and Payment, of Exhibit C, Special Provisions, and the offeror's proposal, fee deposit will be specified at time of award. The fee deposit must be made prior to the commencement of service.

3. Settlement reports (in duplicate) and fee payment must arrive on the date specified at:

**Fort Gordon Main Exchange
ATTN: Cashier Cage
BLDG 38200 3rd Ave
Fort Gordon, GA 30905**

EXHIBIT F

INSURANCE REQUIREMENTS

1. The concessionaire will maintain, during any contract period, insurance coverage listed below, with insurance company(ies) acceptable to the Exchange. All liability insurance coverage will name the United States and the Exchange as additional insureds for claims, demands, suits, judgments, costs, charges, and expenses arising out of or in connection with any loss, damage, or injury resulting from the negligence or other fault of concessionaire, or concessionaire's agents, representatives, or employees. The insurance coverages to be maintained are:

a. The following coverage in amounts complying with state or military installation requirements, whichever is greater, where this contract is performed:

(1) Worker's compensation and Employer's Liability Insurance.

(2) Automobile Bodily Injury and Property Damage Liability for vehicles operated in performance of this contract by the concessionaire or concessionaire's agents or employees on the military installation, whether or not owned by concessionaire.

b. The concessionaire will maintain the coverages listed below and will furnish a current Certificate of Insurance, ACORD Form 25-S, showing the insurance is in effect. The Certificate of Insurance must show the United States and the Exchange as additional insureds for all liability coverages. The "INSURED" block of the Certificate of Insurance must list both the concessionaire's name and the Exchange contract number.

(1) Commercial General Liability in minimum limits for Bodily Injury and Property Damage:

\$1,000,000 Each Occurrence Limit
\$2,000,000 General Aggregate Limit

(2) Products Liability Insurance in minimum limits of \$50,000 for injury to or death of any one person, \$100,000 for each accident or occurrence, \$100,000 for aggregate personal injury liability, \$25,000 for each occurrence for property damage, and or \$300,000 aggregate.*

This insurance policy will be written on an "occurrence" basis. A policy written on a "claims made" basis is not acceptable.

c. The contractor shall mail or deliver the Certificate of Insurance using the following address format:

Army and Air Force Exchange Service
Attention: (**PZ-PS/GOR 13-505**)
3911 South Walton Walker Blvd
Dallas, Texas 75236-1598

2. The concessionaire agrees to self-insure customer-owned property left for servicing, and to accept sole responsibility until its return to the customer.

*This coverage need not be maintained if products for application to the scalp or body will not be sold.

EXHIBIT G

CONCESSIONAIRE FURNISHED EQUIPMENT

1. The concessionaire must furnish the equipment that meets the stated specifications. Equipment may be new or "like new". All "like new" equipment is subject to Contracting Officer approval before placing in facility. Refer to the clause entitled "Equipment, Furniture, and Movable Trade Fixtures," in Exhibit C, Special Provisions.

NOTE: Contractor will be required to provide new equipment when moved into the new facility which is scheduled to open spring of 2015.

2. The offeror may request to substitute fixtures and furniture for that listed (substitution of colors will not be allowed). Any request must be submitted in writing to the contracting officer by the questions and answers deadline as noted in the solicitation cover letter. The offeror must submit technical data that will fully establish the equality of the proposed substitute fixtures and furniture with that listed. Each request must include manufacturer's name and model number, catalog cuts, diagrams and other data published by the manufacturer with the particular model identified and the pertinent design data for that model highlighted or underlined for easy reference.

3. If the contracting officer approves substitution of fixtures and furniture, all offerors will be notified via amendment to the solicitation. If the request to substitute is not approved, the offeror will be required to furnish the fixtures and furniture specified.

BLDG 38200 (Main Store)

BLDG 25711 (Troop Store)

<u>Item</u>	<u>Quantity</u>	<u>Item</u>	<u>Quantity</u>
Barber Chairs	10	Barber Chairs	3
Back Bars	10	Back Bars	3
Waiting Chairs	20	Waiting Chairs	3
Sterilizer	10	Sterilizer	3
Floor Mats	10	Floor Mats	3
Child's Seat	5	Child's Seat	1
Magazine Rack	1	Magazine Rack	1
Coat Rack	1	Coat Rack	1
Table and rack	1	Table & Rack	1
Customer Numbering Equipment	1	Customer Numbering Equipment	1
Vacuum Cleaner	10	Vacuum Cleaner	3
Smocks	10	Smocks	3
Reception Counter	1	Reception Counter	1
(Cash Register Stand)		(Cash Register Stand)	
Electronic Cash Register	1	Electronic Cash Register	1

BLDG 300 (Hospital)

<u>Item</u>	<u>Quantity</u>
Barber Chairs	1
Back Bars	1
Waiting Chairs	2
Sterilizer	1
Floor Mats	1
Child's Seat	1
Magazine Rack	1
Coat Rack	1
Table and rack	1
Customer Numbering Equipment	1
Vacuum Cleaner	1
Smocks	1
Reception Counter (Cash Register Stand)	1
Electronic Cash Register	1

DECOR

Laminate: Main/base Formica #7011-43 African Limba
Top/trim Formica #7732-58 Butterum Granite

Upholstery: #T-11 Black

Shampoo Bowl: #306 Black

Manufacturer: Takara-Belmont/Koken

- a. Barber Chairs - #BB225 chair with footrest and no headrest
- b. Back Bars - #AF-032C with shampoo well and #100 shampoo bowl and dial flo vacuum breaker.
- c. Waiting Chair - Planet #RC-164 without casters.
- d. Sterilizer - Glass and metal sterilizer with cover. The chemical disinfectant solution must be specifically formulated for use with barbering tools, carrying a label registered by USDA or EPA, and used according to instructions on the label. Other disinfectants may be used on approval of the installation medical authorities.
- e. Floor Mats - #BB451 36" x 54" Color: Black
- f. Child's Seat - SEMA booster seat
- g. Magazine Rack - #AF-035.
- h. Coat Rack - #AF-023

- i. Table and Rack - #AF-036
- j. Customer Numbering Equipment - Provide disposable paper tickets for model # SGT-A-110 manufacturer SGT Enterprises (part number SG-700-C).
- k. Vacuum Cleaner - Commercial size, canister type with hose attachment for cleaning of back bars, chairs, etc.
- l. Smocks - Contractor's choice for style. All operators in the same shop must wear the same color and style
- m. Reception Counter - #AF-061B
- n. Electronic Cash Register (ECR) - The following department keys and/or ECR keys are required in addition to Exhibit C, paragraph 13 b, Internal Controls".

- Key 1 - All Services
- Key 2 - Concessionaire-Owned Merchandise
- Key 3 - Credit Card
- Key 4 - Military Star Card

EXHIBIT H

PERFORMANCE SPECIFICATIONS

1. General:

a. With exception of recruit haircuts at basic training installations, barbers will cut hair in accordance with the customer's instructions. Current contract price list, the applicable Army/Air Force Haircut Standards Regulations and a description of services provided will be made available to customers.

b. A variety of magazines not more than 60 days old, in a minimum quantity of one magazine for every customer waiting chair, will be available in every barber shop. Reading material will be in good taste, commensurate with type of customers being served. A balanced selection of ethnic magazines will be available.

2. Barber Qualifications and Training:

a. All barbers employed by the concessionaire in the performance of this contract must be fully qualified to provide barbering services to all authorized customers without regard to ethnic origin. The concessionaire, at his own expense, is responsible for updating the training of the barber employees in the latest techniques of haircutting and hair styling, including ethnic hair care, on an annual basis and/or upon request of the contracting officer. In December of each year, concessionaire will provide exchange management a listing, by barber employee, of all training received during the preceding 12 months. If requested by the contracting officer, concessionaire will furnish a copy of certificate received or other acceptable evidence that employees satisfactorily completed the training. Whenever exchange training of concessionaire employees is provided, local exchange management will designate the number of barber attendees and dates training will be conducted. The Exchange will not be liable for any costs arising from loss of employee services, travel expenses, etc., when exchange training of concessionaire employees is provided.

b. The concessionaire shall, not later than 10 calendar days prior to commencement of services, unless otherwise authorized by the contracting officer, submit written certification to the contracting officer stating that qualified employees meeting requirements of this contract have been hired and will be available for work upon the date established for commencement of services. The certification shall include the number of employees hired and a statement of the compensation and benefits to be paid these employees.

c. During the term of this contract, the concessionaire shall notify the contracting officer in writing of any proposed changes in employee wage/commission and fringe or other benefits, and the proposed date and method of effecting the proposed changes. Notification shall be made a minimum of 30 days prior to the proposed effective date of the change. The contracting officer shall be notified immediately if conditions beyond the concessionaire's control preclude notification within the prescribed period.

3. Licensing:

a. Unless otherwise provided for below, employees providing services listed herein must possess a valid current license from one of the 50 states. Concessionaire must adhere to all state licensing laws and regulations.

b. If the exchange is located in a state that provides for licensing of apprentices, licensed apprentices may be employed in performance of this contract in numbers not to exceed the following:

(1) One or two person staff - none.

(2) Three person staff - one apprentice.

(3) Four or more person staff - in a ratio not to exceed one apprentice to three-licensed employees.

c. Unless otherwise defined by state or territory regulations, an apprentice is considered as one who is currently attending or has attended an accredited technology school but is not licensed to perform services. The apprentice may perform in accordance with the state limitations.

d. A valid temporary permit issued, by the state in which the exchange is located, to an out-of-state licensed employee or apprentice will satisfy the Exchange licensing requirements for the period of the temporary permit. Any performance restrictions, imposed by the state in connection with the temporary permit, will apply.

e. Licenses will be kept current and maintained on file by the concession activity manager, and readily available for inspection by the Exchange authorities.

4. Sanitation and Hygiene:

a. Sanitation and hygienic practices at barber shops will, at all times, meet the requirements established in DA PAM 40-11/AFI 48-117, a copy of which will be signed by all barber shop activity personnel

attesting that they have read and understand its contents. The signed regulation will be maintained in a plastic magazine binder or similar container for information and guidance of employees.

b. All operators are required to complete concession provided sanitation training annually. Sanitation training will be completed at the anniversary of a contract year. New operators will complete training within the first 30 days.

c. Upon completion of training and as confirmation, the concessionaire will submit a training roster with the operator's name and date of training to the CO and GM.

d. The barber shop manager will insure that the barber shop facility is kept clean and orderly at all times, and that sanitary procedures include a thorough daily cleaning of wall units, hairs, and floors. All barbers will practice personal hygiene at all times.

e. Concessionaire will at their own expense provide standard operating procedures(SOP)and it shall be available at each facility to specify the following:

(1) Assembly and disassembly of equipment, as required, for conducting cleaning and disinfection.

(2) Cleaning, disinfecting, and storing electrical and non electrical equipment, devices, and implements.

(3) Storing and handling bulk supplies of disposable items, waxes, lotions/tonics/emulsions, linens, and other supplies used with patrons.

(4) Preparing disinfecting solutions and verifying solution concentration(e.g., chlorine solution).

(5) Evaluating patrons for skin infections, hair infestation, and medical conditions that require a restriction of services and specific guidelines and procedures.

f. Barbers are prohibited from smoking, eating and drinking in the work areas; i.e., in and around back bars and barber chairs. Eating and drinking will be confined to designated employee break areas only. Customers are exempt from the aforementioned restrictions.

g. Persons having communicable diseases will not work in performance of this contract. If required by base/post medical services, each barber will undergo a pre-employment physical examination and submit to such

tests as may be necessary to insure that no communicable disease exists. The examining medical officer will furnish a written notification indicating medical acceptance or nonacceptance. Examinations of barbershop employees may be required before returning to work after an illness. Special examinations will be made at the discretion of the doctor of post/base medical services.

h. Health certificates, as approved or issued by the base/post medical service for barbers, will be kept current and on file in the barber shop readily available for inspection by the Exchange authorities and/or installation medical services. When installation medical authorities or major commands require periodic health re-examinations of barbers, concessionaire will maintain a suspense file to assure such re-examinations are accomplished.

i. No customer will be served in a barbershop when the facial skin is inflamed or contains eruptions, unless the patron submits a certificate from a licensed physician that states the inflammation or eruption is noncommunicable. If, in the course of a barbering process, it is suspected the customer has a communicable disease or infection, the barbering instruments will be immediately washed and disinfected.

j. To protect customers and themselves from infection, all barbers will wash their hands before serving each customer.

k. Freshly laundered towels or disposable paper towels will be used for each customer; reserve towels will be kept in closed storage cabinets. Barber chair headrests will be covered with a clean paper towel or freshly laundered towel for each customer. Chair cloths will be used on each customer and must be kept clean at all times. A neck strip must be used on each customer to prevent the customer's neck from coming in contact with the chair cloth. Shampoo capes will be used when shampoos, face or scalp treatments are given. All towels, shampoo capes, and employee smocks will match or coordinate with shop décor.

l. Towels, used in the making of hot compresses, will at no time come in direct contact with the washbasin. When electric or gas steam equipment is not utilized for preparing hot towels, a shallow tray will be used in which the towels will be heated with hot running water.

m. Waste materials and soiled linens will be deposited in closed sanitary receptacles.

n. A vacuum cleaner will be used to assist in removing hair from the floors, back bars, and drawers.

o. Sanitation of instruments will, at all times, meet the requirements established in DA PAM 40-11/AFI 48-117, and the following:

(1) Clean all instruments immediately after they are used for each customer. Scissors, combs, manicuring and pedicure tools, and other tools will be thoroughly washed with soap and hot water to remove film and debris, and then dried with disposable tissue. Combs will be disinfected before re-use. Hair and debris will be removed from the exterior surface of clipper blades with a clean, stiff, nylon-bristle toothbrush, used only for this purpose. Clipper blades must then be sanitized with an approved sanitizing spray.

(2) Electric clippers and or single-use disposable razors can be used on skin areas around the ears and the back of the neck. Razors that come in contact with the skin must be disposed of after each use. REUSABLE RAZORS ARE NOT AUTHORIZED FOR USE ON SKIN. Razors with properly fitted guards may be used for shaping, line-outs, and razor cuts, provided they do not contact the skin. Sanitation for these razors should be the same as for other hair cutting, hand instruments.

(3) Scalp massagers and other equipment that come in direct contact with the hair or scalp will be wiped with a piece of cotton saturated with sterilizing solution. Rubber pads on scalp massagers may be covered with nylon for protection; however, they must be removed and cleaned periodically, to include the base where the rubber pads rest.

(4) At the close of each day's operation, all barbering tools, including manicuring and pedicure tools, used will be washed and disinfected. Disinfecting solutions will be prepared frequently enough to insure bactericidal effectiveness but not less frequent than once daily, and the disinfectant will be used according to manufacturer's instructions. All barbering instruments disinfected in a chemical solution will be rinsed in clean running water prior to being used.

(5) As an alternative to daily disassembly, washing and sanitizing, clipper blades may be cleaned with an approved blade wash and sanitized with an approved sanitizing spray. An approved blade wash or sanitizing spray may be any commercial product labeled for the stated purpose and labeled with EPA or USDA approval. Periodic disassemble electric clipper blades for a thorough cleaning, followed by sanitizing and lubrication.

(6) Disposable safety razors will be discarded after each use. Used razors/cartridges will be placed in a rigid plastic container with an opening large enough for blades to be inserted without being bent or broken. Container will have a tight fitting screw cap. Accumulated blades will be discarded when the container is full, but not less than weekly. Prior to disposal, a small amount of commercial bleach solution (e.g. 10 to 15 ml per gallon) should be poured into the container to sanitize/disinfect blades. Container should be inverted several times to

ensure chlorine comes in contact with all surfaces. Container will then be placed in a regular trash receptacle.

5. **Services, Tools, and Products:**

a. The authorized services are enumerated in Exhibit D, Price Schedule. While definitions for each service may vary slightly in different sections of the country, the general guidelines provided in Exhibit D, Price Schedule, pertain to the distinction between services.

b. Normally, barber services will be offered on a first-come, first-served basis. Facilities will not be reserved for any single individual or class of individuals; however, an appointment system may be established when requests for such a system are received from military commanders and when it is determined to be in the best interest of the military mission. Appointments are authorized for hair styling service.

(1) The concession contractor will be responsible for purchasing the tickets designed for the customer numbering system provided by the Exchange.

(2) During peak times from 11:00 to 13:00 hours, Monday-Friday, concessionaire is responsible for ensuring wait times do not exceed 45 minutes. If a client, selects to wait for a specific barber, this clause does not apply.

c. Barber services will offered, on an appointment basis, to hospital patients confined to their beds.

d. Tipping shall be neither encouraged nor discouraged.

e. The use of compressed air to remove hair and debris from customers or instruments is not authorized.

f. After completion of barbering service, the barber will offer the customer a handheld mirror in order that the customer may view the total result of the service provided.

g. The following services will not be provided: Therapeutic or minor surgical procedures, including ear piercing; treating blackheads, infected hairs, sores or lesions; pulling or plucking nasal, ear, eyebrow or mustache hair; removal of warts or moles; weight reducing treatment; ultraviolet light treatment; eyelash dyeing; removal of hair by electrolysis, affixing of false eyelashes; or any procedure using eye drops, eye solution or eye cups.

h. Styptic pencils, lump alum, common brushes, shaving brushes and mugs, neck dusters, sponges, and powder puffs will not be used. Plastic

hairbrushes, of the types that have plastic projections in lieu of bristles, may be used provided they are disinfected in accordance with current departmental regulations.

i. Each barber station will have the necessary "Tools of the Trade," i.e., electric barber shears, electric thinning shears, outliner, regular and pick type combs, a hand held mirror, etc., to perform services on any customer, regardless of ethnic origin. Additionally, each barbershop will have hand held dryers and other accessories available for use by every barber.

j. The following products will be available in each barbershop in a minimum of one of each product category between every two barber seating:

Conditioner, Instant/Protein	Shampoo: Regular, conditioning
Styling Lotion and spray	Holding Spray (nonlacquer, unscented)

EXHIBIT I

EXCHANGE-FURNISHED EQUIPMENT

1. The Exchange shall furnish the following equipment. Reference clause entitled Equipment, Furniture, and Movable Trade Fixtures, Exhibit C, Special Provision.

EXCHANGE EQUIPMENT PROVIDED WITHOUT RENTAL CHARGES

<u>QTY</u>	<u>DESCRIPTION</u>
3	Exchange Verifone (1 for each location)

2. **Equipment Inventory:** Concessionaire and the Exchange shall conduct an inventory of Exchange Furnished Equipment prior to the commencement date and at the time of expiration/termination of the contract. Quantity, item description, and condition shall be agreed upon between concessionaire and the Exchange, noted on a custodial receipt, and signed by both parties. A copy of the inventory shall be provided to the contractor by the Exchange.

Exhibit J

1986135712

REGISTER OF WAGE DETERMINATIONS UNDER
THE SERVICE CONTRACT ACT
By direction of the Secretary of Labor

U. S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
WAGE AND HOUR DIVISION
WASHINGTON D. C. 20210

Diane C. Koplewski Division of
Director Wage Determinations

Wage Determination No. : 1986-1357
Revision No. : 12
Date Of Last Revision: 10/21/2013

This wage determination applies at the address(es) below:

Fort Gordon AFB, Richmond County, GA

Employed on AAFES contracts for barber shop services.

Collective Bargaining Agreement between Gi no Morena Enterprises, LLC and Local No. 1996, as chartered by the United Food and Commercial Workers International Union, AFL-CIO effective October 15, 2013 through October 14, 2017.

In accordance with Sections 2(a) and 4(c) of the Service Contract Act, as amended, employees employed by the contractor(s) in performing services covered by the Collective Bargaining Agreement(s) are to be paid wage rates and fringe benefits set forth in the current collective bargaining agreement and modified extension agreement(s).

COLLECTIVE BARGAINING AGREEMENT

THIS AGREEMENT is made and entered into this 16th day of October, 2013, by and between GINO MORENA ENTERPRISES, LLC (hereinafter referred to as the "Employer"), and LOCAL NO. 1996, as chartered by the UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION affiliated with AFL-CIO, (hereinafter referred to as the "Union").

ARTICLE I. Recognition.

Section 1. The Employer recognizes the Union as the exclusive bargaining agent with respect to issues involving pay, wages, hours of work and other conditions of employment for all barbers (excluding the base manager as well as guards and supervisors, as those terms are defined in the National Labor Relations Act, as well as all other employees) employed at the Employer's barbershops at Ft. Gordon, GA. No provision of this Agreement shall apply to or affect the operations of the Employer at facilities other than the barbershops at Ft. Gordon, GA.

Section 2. The Employer may, in its discretion, enter into collateral agreements with individual members of the bargaining unit regarding performance of duties other than, or in addition to, the rendering of barber services, and in entering into such agreements, the Employer shall not be obligated to negotiate with the Union regarding wages, hours or other conditions of employment applicable to such other additional duties. No barber may be disciplined for refusing to enter into such a collateral agreement with the Employer.

ARTICLE II. Union Shop and Checkoff.

Section 1. It shall be a condition of employment that all employees of the Employer covered by this Agreement who are members of the Union in good standing on the effective date of this Agreement shall remain members in good standing; that those employees who are not members of the Union on the effective date of this Agreement shall, on or after the thirty-first (31st) calendar day following the effective date or the execution of this Agreement, whichever is later, become and remain members in good standing in the Union, or in any event, pay the Union dues which members in good standing are paying. It shall also be a condition of employment, that all employees covered by this Agreement and hired on or after its effective date or date of execution, whichever is later, shall, on or after the thirty first (31st) calendar day following the beginning of such employment, become and remain members in good standing in the Union, or, shall pay the same amount of dues as members in good standing do pay.

Section 2. The Employer, within ten (10) working days after receipt of a written notice by the Union, will discharge any employee who is not, or who does not become, during the ten (10) working days, a member in good standing in the Union or who does not pay the dues which are required of a member in good standing in the Union to the extent required by the preceding Section 1.

Section 3. The Employer agrees to deduct each month from the pay checks of all employees who are covered by this Agreement all periodic dues and initiation fees owing to the Union by the employees; the Employer also agrees to promptly remit said money to the Union, provided, however, that an employee shall have signed and submitted a written authorization for such action on the part of the Employer. The

Employer and the Union agree to cause the checkoff authorization form to comply with all applicable federal laws.

Section 4. The Union agrees that there shall be no liability on the part of the Employer for the collection of any unpaid dues which may be due the Union from the employee, who because of absence from work or termination of employment, has no wages payable to him at the regular time for dues collections. The Union shall indemnify and save the Employer harmless against any and all claims, demands, suits or other forms of liability, including reasonable attorney's fees, that shall be incurred or necessitated by reason of action taken or not taken by the Employer in reliance upon certified lists furnished to the Employer by the Union or dues checkoff authorization cards, furnished to the Employer by the Union or by the employee; or for the purpose of complying with any of the provisions of this Article.

ARTICLE III. Union Visitation.

The Employer agrees that representatives of the Union shall have access, on a reasonable basis, to any part of the premises where work is being performed that is covered by this Agreement, for the purpose of administering this Agreement, provided that such visits do not interfere with production and discipline.

ARTICLE IV. Exchange Contract.

The provisions of this Agreement shall in every way be subject to and controlled by the provisions of the present and any future contracts between the Employer and the Army and Air Force Exchange Service for the operation covered by this Collective Bargaining Agreement, and any provision of this Agreement, inconsistent or in conflict

therewith, shall be null and void. The provisions of said Exchange contract or contracts are made part of this Agreement as if set forth at length herein. All parts of said contract, as they shall be relevant to the enforcement of this Article, shall be made available to the Union. It is further understood that the conduct of the Employer's business must at all times be in compliance with regulations and directions from officials acting pursuant to said Exchange Service contract and in compliance with the policies of the Army and Air Force as they are interpreted by them.

ARTICLE V. Classification and Compensation.

Section 1. Effective January 1, 2014, regular barbers shall receive as standard compensation fifty-nine percent (59%) of current haircut price of \$9.90 or \$5.85 per haircut; GME will take the next \$0.50 in military haircut price increases.

Section 2. Employees will be paid on a bi-weekly basis.

Section 3. The Employer shall pay its share of Social Security taxes and withhold such employee taxes as required by law.

Section 4. The Employer shall not take a tip credit against wages.

Section 5. Each barber shall be responsible for furnishing and maintaining his or her own tools and uniforms as such shall be required by the Employer.

Section 6. Effective January 1, 2014, barbers regularly working thirty-five (35) hours per week who have worked for the Employer the previous twelve (12) months shall, upon their anniversary date of employment, be eligible to receive annual vacation pay of one percent (1%) of gross wages subject to the conditions below. Barbers working fewer than thirty-five (35) hours per week shall receive a prorated portion of vacation pay based upon the relationship which the hours worked bear to thirty-five (35)

hours. Vacation pay shall be payable at such time as the employee takes his or her vacation in each year in which he or she is eligible. With respect to new employees who otherwise qualify to receive vacation pay, the right to receive such vacation pay shall vest on such new employees' first anniversary date of employment and on each employment anniversary date thereafter. Such new employees may schedule their vacations (subject to the limitations of Article IX below) any time after the employment anniversary date on which they become eligible for the vacation in question. They will receive vacation pay at such time as they take vacation. Vacation pay payable, pursuant to the terms of this Agreement, is in lieu of vacation pay for the same time period to which the employees were entitled under the prior Collective Bargaining Agreement, if any. In the event the Company is replaced as the concessionaire at the operations covered by this Agreement, then liability for vacation pay as between the Company and its successor shall be determined in accordance with 29 C.F.R. Part 4, as it shall from time to time be amended. Vacations shall be scheduled in accordance with the provisions of Article IX below.

Section 7. Employer shall contribute for each employee regularly working more than twenty-five hours per week, eight dollars (\$8.00) per month to the United Food & Commercial Workers Union and Employers Legal Assistance Fund.. The Fund is a jointly administered Employer and Union Trust Fund as provided in the Trust Agreement, provided, however, in the event that contributions to the Fund cease to be fully deductible to the Employer, the Employer will no longer be required to make contributions to the Fund and the parties agree that should the Plan be terminated, the contributions will be made to the UFCW Sick Benefit Fund. The employee becomes eligible the first month following the Employer's initial contribution.

Section 8: Heath Care. If the Company is required to incur additional health care costs during the term of this Agreement arising out of the implementation of and/or passage of and/or amendment to federal or state health-care legislation, the Company has the exclusive right to reopen the Agreement to discuss the economic impact of any such legislation and to negotiate concerning a reduction in the commission rate set forth in Article V, Section 1 to offset any such additional costs. The Company and the Union will make good-faith efforts to reach mutual agreement, either the Company or the Union may request mediation of any outstanding differences and upon exhaustion of mediation, notwithstanding the prohibitions in Article XIV, will be entitled to economic recourse, including the right to strike or lockout.

ARTICLE VI. Hiring.

The Employer agrees to inform the Union of all vacancies. The Union agrees to furnish the necessary employees, if available. The Union agrees to refer applicants for available jobs in a nondiscriminatory manner, that is, without regard to their race, color, religion, sex, age or national origin or membership or non-membership in the Union. The Employer retains the right to reject any applicant referred by the Union. If an acceptable applicant has not been referred within forty-eight (48) hours after the Union has been informed of a vacancy (or such shorter period of time as may be required by emergency conditions), the Employer may hire from other sources of applicants. Notwithstanding this provision, the Employer may give preference to present and former employees in filling vacancies.

ARTICLE VII. Layoff and Seniority.

Section 1. In the event of a layoff of barbers, employees working as barbers, except as hereinafter provided, will be laid off in order of seniority with the most junior

barbers (regardless whether classified as manager or journeyman barbers) being laid off first; recalls from layoffs shall be in reverse order of the layoffs. Although the Employer's base manager is permitted to perform unit work, it is understood that the Employer is not bound to lay off or recall its base manager pursuant to the provisions of this Article. In the event of a layoff the base manager shall be the last person laid off and the first recalled.

Section 2. If any new shop needing barbers is opened, or a permanent vacancy for a barber occurs in an existing shop, such positions shall be filled by job bidding among the barbers on the basis of seniority. Notice of the vacancy will be posted in all shops for a period of one week, with space provided for eligible barbers to indicate their desire to take the open job. The most senior barber so bidding who is qualified to perform the job shall be selected for the job. If no barber bids, the least senior barber qualified to perform the job shall be assigned to such job. If it is necessary to transfer a barber to cover a temporary vacancy, the least senior journeyman barber qualified to perform the job shall be transferred.

Section 3. Seniority as that term is used herein means the length of an employee's continuous service with the Employer from his most recent date of hire. A seniority list shall be prepared as soon as possible, and the names of the employees shall be listed thereon in the order of an in accordance with their date of hire; such a seniority list shall be posted and any employee may file a grievance with respect to his position on such list; provided that such a grievance is filed in accordance with the grievance procedure set forth in this contract, otherwise such grievance is forever barred.

Section 4. A barber's seniority shall be terminated when:

(1) He voluntarily quits;

(2) He is discharged for just cause;

(3) Layoff for more than one year or absence due to medical disability beyond the medical leave authorized in this Agreement.

(4) If upon being recalled after any layoff, a barber does not return to work within three (3) working days after being notified to do so by certified mail at his last known address, provided that in the discretion of the Employer said three (3) day period may be extended;

(5) He fails to report to work at the expiration of any leave of absence, vacation, or military obligation, unless unable to report on account of a bona fide medical emergency.

ARTICLE VIII. Discipline and Discharge.

Section 1. All new employees shall be "probationary employees" until such time as they work for the Employer thirty (30) days from the date of their last hire. Probationary employees may be discharged by the Employer with or without cause, and neither such probationary employees nor the Union shall have any recourse or claim against the Employer by reason of such discharge.

Section 2. It is agreed that certain employee conduct is of such a nature as to subject the employee guilty of such conduct to immediate termination. Such conduct includes but is not limited to: theft or other misappropriation of Employer funds or property; gross insubordination; physical fighting or carrying a deadly weapon while on duty or while on the premises of the base; willful damage of Employer property or property in the care of the Employer; causing liability for the Employer or the Employer's

malpractice insurer by negligently performing services for customers; possession or use of alcoholic beverages, narcotics, hallucinatory drugs or other controlled substances while on duty or on the base; falsification of Employer records. Any employee who has been the subject of three (3) complaints by customers or the military authorities within any twelve (12) month period shall be immediately subject to suspension or discharge at the Employer's discretion, provided that the employee has been informed of these complaints at the time they were filed and has been given an opportunity to refute the complaints.

Section 3. The following conduct on the part of an employee shall be grounds for discharge or discipline, provided the employee or the Union has received one (1) prior written warning during the preceding two (2) years regarding the same conduct by the employee: verbal altercations with customers or AAFES personnel; failure to adhere to Employer cash handling procedures; being under the influence of alcoholic beverages, narcotics, hallucinatory drugs or other controlled substances while on duty or on base.

Section 4. The following conduct on the part of an employee shall be grounds for discharge or other discipline provided that the employee or the Union has received three (3) prior written warnings during the preceding nine (9) months regarding the same conduct by the employee: failure to adhere to applicable sanitation standards (but warning shall remain effective for two (2) years rather than nine (9) months); failure to report to work at the designated time without excuse and without prior notification to the Employer where possible; excessive tardiness or absenteeism; inability to adequately perform job functions.

ARTICLE IX. Vacation.

All personnel who have been in the employment of the Employer for at least one (1) year shall be entitled to unpaid vacation leave for a period of two (2) weeks each year. The Employer shall schedule the times for taking vacations with due regard to seniority and to work requirements of the Employer. No employee shall be required to take a vacation under this provision. In no event shall an employee's total annual unpaid vacation exceed two (2) weeks. Any pay for vacation will be determined in accordance with the provisions of Article V, Section 6.

ARTICLE X. Sick Leave.

Section 1. All employees who have worked one (1) full year for the Employer shall thereafter be entitled to six (6) days unpaid sick leave per year. A doctor's excuse may be required if an employee is absent for two consecutive days or for three of any five consecutive work days for which the employee is scheduled to work.

Section 2. Employees shall be entitled to a leave of absence due to disability caused by illness or injury, upon certification of such disability by a licensed physician, not to exceed one (1) year, unless a longer period is mutually agreed upon by the employee and the Employer.

ARTICLE XI. No Discrimination.

The Employer and Union mutually agree not to discriminate against any employee because of race, creed, religion, color, sex, national origin or Union membership.

ARTICLE XII. Holidays.

The employees may be required to work on the following holidays, and/or any other day observed as a holiday by the Exchange:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day
Columbus Day	Martin Luther King's Birthday
Presidents Day	

It is also agreed and understood by the parties hereto that employees will receive pay for such holidays only as set forth in Article V, Section 7. If barbershops are open on any holiday, staffing needs will be met by requesting volunteers. If a sufficient number of qualified employees do not volunteer, then the least senior employees qualified to perform the work will be assigned.

ARTICLE XIII. Maintenance of Standards.

The Employer agrees that all conditions of employment in his operation relating to wages, hours of work, overtime differential, insurance and general working conditions, except as otherwise provided in this Agreement, shall be maintained at not less than the highest standards in effect at the time of the execution of this Agreement and the conditions of employment shall be improved wherever specific conditions for improvement are made in this Agreement. It is also agreed that the provisions of this section shall not apply to inadvertent or bona fide errors made by the Employer or the Union if such error is corrected within one (1) year from the date of execution of this Agreement.

ARTICLE XIV. Barbers' Responsibilities.

Section 1. Barbers shall be responsible for training themselves so that they shall at all times be able to give up-to-date services and perform all the functions of a full service barbershop.

Section 2. Each barber shall be responsible for keeping his or her station clean and up to Exchange standards on a continuous basis, including dusting his or her chair and backbar daily.

Section 3. It shall be the responsibility of the barbers in each shop to keep that shop clean and up to Exchange standards during the working day, excluding mopping and waxing of floors.

ARTICLE XV. Sanitation.

The Employer agrees to furnish, at all times, a healthful, sufficiently lighted, properly heated and well ventilated place for the performance of all work that is being performed under and pursuant to this Collective Bargaining Agreement. The Employer also agrees to comply with all federal laws relating to the safety of its employees. The Union agrees to cooperate with the Employer with respect to safety and sanitation. Both parties, however, recognize that the buildings in which work is performed are furnished and maintained by the Exchange and that alterations and improvements in such buildings must be approved and financed by the Exchange or the military.

ARTICLE XVI. No Strike and No Lockout Clause.

The Union agrees that during the period of this Agreement, its officers, representatives and members shall not take part in any strike, slow down or stoppage of work, boycott, picketing or interruption of or interference with the work and business of the Employer. The Union and its members further agree that it will not utilize roving pickets against the Employer whereby the Employer's employees at Ft. Gordon or persons acting on their behalf, would in any manner or for any reason, picket the Employer's operations at any other military installation where the Employer's employees are covered by a current collective bargaining agreement with an affiliate of the United Food Commercial Workers International. The Union also agrees that it will not honor, and the employees covered by this Agreement agree not to honor, any picket line or picketing in any form whatsoever by the United Food Commercial Workers International, its locals, members or representatives when the picketing is not being conducted by persons employed by the Employer at its Ft. Gordon barbershop facilities. The participation by any employee in any conduct prohibited by this Article or refusal of the part of any employee to comply with any provision of this Article shall be cause for whatever disciplinary action, including discharge, is deemed appropriate by the Employer. The Employer agrees that it shall not lock out the members during the period of this Agreement.

ARTICLE XVII. Management Rights and Prerogatives.

All of the rights, functions and prerogatives of management are reserved and retained exclusively by the Employer, except as provided in this Agreement. In no event shall any right, function or prerogative of management ever be deemed or construed to have been modified, diminished, or impaired by any past practice or

course of conduct, or otherwise than by an explicit provision of this Agreement. Specifically, but without in any manner limiting or affecting the generality of the foregoing, it is distinctly understood and agreed that the Employer reserves to itself the right, in its sole discretion and judgment, inter alia; direct the workforce, establish and maintain rules and regulations to govern the operation of the Employer; determine the services to be rendered or carried on by the Employer; determine whether and to what extent the work required in its business shall, other than barber or barber services, be performed by employees covered by this Agreement; appoint working managers; determine the number of such managers which shall be required for the efficient operation of the business provided there will be no more than one shop manager per shop; determine the suppliers and customers with whom it will deal, and the prices at which and terms upon which its merchandise, equipment, and supplies will be purchased, leased or otherwise acquired and its services will be sold; determine the size and composition of the working force covered by this Agreement, the assignment of work and policies affecting the selection of employees; establish and enforce quality and service standards for its services; establish new shops; discontinue existing shops; increase or decrease the size of the working force in a particular shop; introduce new and improved methods and facilities; change existing service methods and facilities; determine when and if vacancies in the working force shall be filled; and discontinue temporarily or permanently, in whole or in part, the operations and business covered or affected by this Agreement. The parties may agree from time to time to make and enforce new rules applicable to employees covered by this Agreement and to enforce, change, abolish or modify existing rules applicable to employees covered by this Agreement.

ARTICLE XVIII. Grievance Procedure and Arbitration.

Section 1. Should any differences, disputes or controversies arise between the Employer and the Union, or any member of the Union employed by the Employer, as to compliance with, the meaning of, or the application of the provisions of this Agreement, then there shall be no work stoppage because of such dispute but rather an effort shall be made to settle the same immediately in accordance with the following procedure:

Step 1: Any employee having a grievance will first attempt to adjust the same with the Employer's base manager for the Barbershops.

Step 2: If a grievance or dispute is not settled at Step 1, then it shall be reduced to writing by the aggrieved party and submitted to the opposite party within thirty (30) days from the date on which the dispute, complaint, or grievance first arose. If the Union or employee is submitting the grievance, it shall be mailed to Rex Morena at the Employer's headquarters in pre-addressed envelopes and a carbon or photocopy shall be kept. If the Employer is submitting the grievance it should be mailed to the Union or its attorney. The other party to the dispute shall then have thirty (30) days from receipt of the grievance in which to respond in writing to it.

Step 3: If a grievance is not then satisfactorily settled at Step 2, it may, within fifteen (15) days of receipt of the written response, be referred by either party to arbitration in strict accordance with the provisions of this Agreement pertaining to arbitration.

Section 2. Any disputes, complaints or grievances arising from alleged violations of this Agreement shall be deemed to have been waived, unless the same are presented in writing for settlement and determination at Step 2 of this grievance procedure within thirty (30) days from the date on which said dispute, complaint, or grievance first arose. Failure to respond to a grievance within thirty (30) days after receipt shall constitute a denial of the facts alleged in the grievance. Failure to comply in a timely fashion with the requirements of Step 3 of this procedure shall also be deemed to constitute a waiver of the grievance.

Section 3. Any grievance shall be arbitrated in accordance with the rules of the American Arbitration Association ("AAA") which are then in effect (except that in selecting an arbitrator from the lists supplied by the AAA the parties shall strike names therefrom and the last name remaining shall be the arbitrator). The arbitrator of any such grievance shall have the power to receive relevant testimony from the parties to the dispute and to hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings had before the arbitrator. At the mutual request of the parties, the arbitrator shall hold a pre-hearing conference for the purpose of defining, simplifying, and framing the issue or issues to be arbitrated, and ascertaining the positions of the respective parties concerning said issues. The Employer shall bear the cost of preparing and presenting its case to the arbitrator, and the Union shall bear the cost of preparing and presenting its case to the arbitrator. All other expenses of arbitration including, but not limited to, the arbitrator's fee, the cost of recording and transcribing testimony before the arbitrator, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the parties.

Section 4. The function of the arbitrator shall be of a judicial rather than legislative nature. The arbitrator shall not have the authority to add to, or modify any of the terms or provisions of this Agreement. No decision of the arbitrator shall require the payment of a wage rate or wage basis different from those expressly set forth in this Agreement. Subject to the foregoing qualifications and limitations, the arbitrator's award shall be final and binding upon the Employer, the Union, and any aggrieved employee.

Section 5. If the Union fails, refuses, or declines to prosecute a grievance on behalf of an employee, or if the Employer and the Union settle any grievance on behalf of an employee hereunder, the employee who has filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and the Union and the aggrieved employee shall thereafter be estopped to revive or further prosecute said grievance. The Union shall not be deemed responsible for any violation by the Employer of its obligations under the Agreement. However, if action or inaction taken by the Union regarding an employee grievance results in an increase in liability for the Employer, beyond the liability which would have accrued had the grievance been taken to arbitration by the Union as provided for herein, then such additional liability shall fall upon the Union and not the Employer. It is agreed that the time for processing a grievance under the Agreement for purposes of computing additional liability shall in no event exceed ninety (90) days from the date on which a written grievance is filed or should have been filed.

Section 6. The Employer shall have no duty to arbitrate any matter which arises subsequent to the termination date of this Collective Bargaining Agreement.

ARTICLE XIX. Successorship.

This Agreement shall be binding upon the parties hereto and on their respective successors, assigns and legal representatives, provided that the Employer shall not incur any liability of any type whatsoever for the failure of any successor or assign to adhere to any provision of the Agreement or for failure to obtain agreement from any successor or assign that the successor or assign will adhere to this Agreement. Moreover, the Employer's obligations to the Union or to any employee covered by this Agreement with respect to the benefits, rights or privileges accorded by this Agreement shall not survive the termination of the Employer's business operations at the barbershops covered by this Agreement. It is also recognized by the parties hereto that in the event that the Union shall hereafter affiliate with any other Union belonging to the AFL-CIO, it shall not be deemed there is a change in party affecting the validity of this Agreement and this Agreement shall continue in full force and effect for its duration as provided herein irrespective of such affiliation.

ARTICLE XX. Qualifications.

Each of the parties hereto warrants that it is under no disability of any kind that will prevent it from completely carrying out and performing each and all of the provisions of the Agreement, and further, that it will not take any action of any kind that will prevent or impede it in the complete performance of each and every provision hereof.

ARTICLE XXI. Waiver.

The waiver of any breach or condition of this Agreement by either party does not constitute a precedent of any further waiver of such breach or condition.

ARTICLE XXII. Miscellaneous Provisions.

Section 1. This Agreement sets out the entire understanding between the Employer and the Union and neither party intends to be bound or obligated except to the extent it is expressly so agreed herein; this Agreement shall be strictly construed. This Agreement applies to bargaining unit employees working for the Employer's barbershops at Ft. Gordon. No employee covered by this Agreement shall have any rights, benefits or privileges in any other operation of the Employer, now existing or hereafter established, by virtue of this Agreement. This Agreement may be changed or modified only by the written agreement of the parties hereto.

Section 2. It is the intention of the parties hereto to comply with all applicable provisions of law. If any provision contained herein is held to be invalid, or inoperative, the other provisions of this contract shall, nevertheless, remain in full force and effect. All provisions of this Agreement shall be complied with unless any of such provisions shall be declared to be in conflict with or in violation of any state or federal statute, rule or decision or a valid administrative rule or regulation. In such event, the Union or the Employer may, at its option, upon giving a twenty (20) day notice, require renegotiation of such provisions for the purpose of adequate replacement thereof, reserving the right of legal or economic recourse, including the right to strike or lockout, in the event agreement cannot be reached in such renegotiations.

Section 3. The Employer agrees that where it is practical to do so, it will give employees one week's advance notice before they are laid off.

Section 4. The employees covered hereby, where it is practical to do so, agree to give the Employer one week's notice prior to the effective date of their quitting the employment of the Employer.

Section 5. The Employer shall be responsible for the weekly cleaning of windows, doors, and lights. Should the Employer be confronted with a problem of retaining help for this work during an Inspector General's inspection, it may request the help of employees of a branch.

ARTICLE XXIII. Hours of Work.

Section 1. The regular workweek for any barber shall not exceed forty (40) hours. The Employer, however, shall not be obligated to guarantee any minimum work week.

Section 2. The Employer shall determine the number of barbers who shall be permitted to be off work on any day of the week in each branch.

Section 3. Working days and hours shall be scheduled by the Employer.

Section 4. All barbers will take a daily lunch period without pay, which lunch period shall be scheduled by the Employer.

Section 5. No barber shall work in excess of eight (8) hours in any one day or forty (40) hours in any week without the express written permission of the Employer, nor shall the Employer require this. Refusal to work overtime without express written permission shall not be grounds for discharge, discipline or harassment in any form by any Employer representative. Violation of the terms of this section by an employee shall be grounds for discipline, including discharge, provided that the employee guilty of the infraction has received one (1) prior written warning for violating this section, except that overtime work by an employee at the direction of the base manager or other manager excluded from the collective bargaining unit shall not constitute a violation of this section. In order to effectuate the purposes of this section, the Employer agrees

that the line may be cut off fifteen (15) minutes before closing, provided that sufficient notification is given to a guide or to the customers themselves.

ARTICLE XXIV. Term.

It is agreed that this contract shall be in force and effect from October 15, 2013 through and including October 14, 2017. Should either party to this Agreement desire to negotiate changes in any or all of the provisions of this Agreement upon its expiration date, written notice to that effect must be given to the other party at least sixty (60) days before the date of expiration. If no opening notice is given as designated above, this Agreement shall run from year to year and can only be changed through negotiations started by written notice by one party to the other party at least sixty (60) days prior to any expiration date; that is, the annual anniversary date of this Agreement.

Signed this 16 day of October, 2013.

LOCAL NO. 1996, as chartered by the
United Food and Commercial Workers
International Union affiliated with the
AFL-CIO

By: 

GINO MORENA ENTERPRISES, LLC

By: 

SECTION I

Instructions to Offerors -- Amendment of Solicitation. The following instructions apply unless specified otherwise in an Exchange letter accompanying this amendment.

a. Offerors must acknowledge receipt of this amendment prior to the hour and date specified for receipt of proposals in the original solicitation, or the hour and date specified in this amendment if such has been amended. Offeror must acknowledge by one of the following means:

- (1) By signing and returning all except one copy of this amendment.
- (2) By acknowledging receipt of this amendment on each copy of the proposal submitted;
- (3) By separate letter or telegram which includes a reference to the solicitation and amendment number.

b. Proposals must be based upon and refer to the solicitation as amended. Unless an acknowledgment of this amendment is received by the contracting officer before the hour and date specified for receipt of proposals, offeror's proposal may be considered nonresponsive.

c. If you desire to revise a proposal previously submitted, such revision must be received prior to the hour and date specified for receipt of proposals enclosed in a sealed envelope addressed to the issuing office, with the name and address of the offeror and the solicitation number on the face of the envelope. Telegraphic proposals will not be considered unless authorized by the solicitation; however, proposals may be modified by telegraphic notice provided such notice is received prior to the time set for receipt of proposals. Telegraphic modifications should not reveal the amount of the original or of the revised proposal.

SECTION II

Instructions to Contractor -- Amendment of Contract.

Unless otherwise instructed, all except one copy of this amendment are to be executed by the person authorized to bind the firm contractually and returned to the contracting officer. The effective date will be the date the amendment is signed in block 6 by the contracting officer or the date(s) indicated in block 4, whichever is later.

SECTION I

Instructions to Offerors -- Amendment of Solicitation. The following instructions apply unless specified otherwise in an Exchange letter accompanying this amendment.

a. Offerors must acknowledge receipt of this amendment prior to the hour and date specified for receipt of proposals in the original solicitation, or the hour and date specified in this amendment if such has been amended. Offeror must acknowledge by one of the following means:

- (1) By signing and returning all except one copy of this amendment.
- (2) By acknowledging receipt of this amendment on each copy of the proposal submitted;
- (3) By separate letter or telegram which includes a reference to the solicitation and amendment number.

b. Proposals must be based upon and refer to the solicitation as amended. Unless an acknowledgment of this amendment is received by the contracting officer before the hour and date specified for receipt of proposals, offeror's proposal may be considered nonresponsive.

c. If you desire to revise a proposal previously submitted, such revision must be received prior to the hour and date specified for receipt of proposals enclosed in a sealed envelope addressed to the issuing office, with the name and address of the offeror and the solicitation number on the face of the envelope. Telegraphic proposals will not be considered unless authorized by the solicitation; however, proposals may be modified by telegraphic notice provided such notice is received prior to the time set for receipt of proposals. Telegraphic modifications should not reveal the amount of the original or of the revised proposal.

SECTION II

Instructions to Contractor -- Amendment of Contract.

Unless otherwise instructed, all except one copy of this amendment are to be executed by the person authorized to bind the firm contractually and returned to the contracting officer. The effective date will be the date the amendment is signed in block 6 by the contracting officer or the date(s) indicated in block 4, whichever is later.

EXHIBIT D

PRICE SCHEDULE

1. Barber Services:

a. High Volume Item(s) - The item(s) of service to be provided and unit price(s) to be charged are fixed, as follows:

<u>Item</u>	<u>Unit Price</u>
Haircut, Regular	\$10.65**

Haircut, Regular - A tapered or blocked haircut done with clippers or scissors or a combination of both. Generally done dry. Length of hair doesn't require specialized shaping, layering, or contouring beyond normal blending and tapering. Includes standard military haircuts as outlined in AR 670-1 and AFI 36-2903.

b. Low Volume Items comprise the balance of the anticipated business. The low volume prices will be at least 10% below the local commercial prices. After contract award, but before commencement of performance, the concessionaire will conduct a survey of local commercial establishments and submit a proposed price list to the exchange General Manager for review and approval. Should the two parties fail to agree on prices, they will conduct a joint price survey of firms in the local market area and establish prices a minimum of 10% below the average surveyed prices. The concessionaire will provide an approved low volume item price list to the Contracting Officer. Low volume prices will not be considered in the evaluation of proposals for contract award. Typical low volume services are shown below.

(1) Barber Services:*

Shampoo, Plain
Style Cut
Complete Hair Style
Flat Top
Conditioner, Plain
Facial Shave
Neck Shave
Mustache Trim
Beard Trim
Beard Styling

*Note: All cuts include a mustache trim and the Style Cut and Complete Hair Style include a beard trim if desired by customer.

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Shampoo, Plain - General washing of the hair with a regular type shampoo. May include a conditioner mix.

Style Cut - A layered haircut done with shears and/or razor. Hair generally longer than normal and an individual effect is created by shaping, layering and contouring of the hair. Often done with wetting the hair and the final result achieved by blow-drying to customer-selected appearance. Shampooing and conditioning enhance results, but are not included in the price and are provided at customer's option. A style cut is a change in hairstyle, including converting a regular haircut to a flat top or a flat top to a regular haircut.

Complete Hair Style - The style cut with shampoo and conditioning. The end results are unique and represent the creative ability of the stylist in blending the hair to the personality and physical characteristics of the patron.

Flat Top - A haircut that maintains the flat top while keeping the same flat top appearance.

Conditioner, Plain - Instant cream type conditioner. Secondary rinse of the hair. Normally performed after a shampoo as a separate application. Included with the complete hairstyle package.

Facial Shave - The removal of facial and neck hair using a disposable (single use only) safety razor. The service begins with the application of warm water followed by lather, gel, or oil to condition the skin and beard. As described in "The Standard Book of Barbering," a minimum of 14 separate strokes is required in providing a proper shave.

Neck Shave - The removal of hair from the nape of the neck using a disposable (single use only) safety razor. The service begins with the application of warm water followed by lather, gel, or oil to condition the skin. Service is normally provided in conjunction with a regular hair cut or style cut.

Mustache Trim - Included in price of all haircuts. When sold separately, price is as stated.

Beard Trim - A general shaping of the beard to present a neat, uniform appearance. Does not include edging and styling to a new appearance.

Beard Styling - A beard trim including edging with an outliner to style the beard to a desired appearance.

(2) Shoe Shine Services:

Shoes, Low Cut, Dyeing and Shining
Shine (brush)

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EXHIBIT D

BARBER SHOP

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Dye and Shine (brush)
Shine (spit)
Dye, spit shine

Boots, Dyeing and Shining
Shine (brush)
Dye and shine (brush)
Spit shine (heel and toe)
Dye and shine, spit (complete)
Spit shine (boots, complete)

c. Unlisted Barber Services - Concessionaire may provide other authorized barber services not specifically listed at a price mutually agreeable to concessionaire and customer. The price must be agreed upon by the parties before the service is performed.

2. Sale of Concessionaire-Owned Merchandise:

a. The concessionaire may sell items of concessionaire-owned merchandise to include an assortment of ethnic hair care salon type products within the categories listed below. Such merchandise will not be identical to merchandise sold in Exchange retail stores. Concessionaire will not sell any item that exceeds the applicable Exchange cost price limitation. Items selected for stockage and sale will require prior approval of local exchange management.

Styling Gels	Sprays	Conditioners
Shampoos	Styling Combs and Brushes	Tonics

b. Concessionaire must offer a minimum of 1 nationally recognized brand name from manufacturers of Traditional and Ethnic hair care products. Concessionaire may select a manufacturer from the list below or may provide another product line upon approval from the contracting officer. Contractor must carry a minimum of 4 line items from each brand selected.

Traditional Assortment	Ethnic Assortment
Paul Mitchell	Dudley
Matrix	Mazani
Biolage	Design Essentials
Nioxin	Motions
American Crew	Care Free
Regis	Wave Nouveau
Redken	Keracare
Sebastian	

c. Concessionaire-owned merchandise will be priced to the customer at no higher than 175 percent of the concessionaire's invoice cost from the supplier, rounded to the nearest five cents (\$0.05). Example: Invoice

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BARBER SHOP

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cost $\$0.74 \times 175\% = \1.295 . Sell price, rounded to the nearest $\$0.05 = \1.30 . Sell prices must reflect visible customer savings of at least 10 percent in comparison to established community retail prices. Merchandise may be sold at a lesser price to clear obsolete or excess merchandise, to meet the competition of the local civilian economy, or to provide special promotional events. Supplier invoices and manufacturer's retail price data for concessionaire-owned items will be available on the premises of the concession activity at all times for inspection by the contracting officer or his designee.

d. Prices of concessionaire-owned merchandise may be changed whenever there is a change in concessionaire's invoice cost, and such changes will be effective upon receipt of the first delivery of replenishment merchandise at concessionaire's new invoice cost.

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BARBER SHOP

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