

BRAZILIAN NAVY



BRAZILIAN NAVAL COMMISSION IN WASHINGTON

(Administrative Process n° 63003.001913/2023-38)

CONTRACT NO. 70200/2024-04/00, BETWEEN THE
BRAZILIAN NAVY, THROUGH THE BRAZILIAN NAVAL
COMMISSION IN WASHINGTON (BNC) AND STURGILL
TURBINE SERVICE INC.

The Brazilian Federal Government, through the Brazilian Naval Commission in Washington (BNCW), Brazilian Navy, located at 5130 MacArthur Blvd., N.W., Washington, DC, 20016, represented herein by his President, **CAPT ALEXANDRE VIZEU DIAS**, appointed by Directive No. 62, 2023, holder of Brazilian Navy Identification Card No. 536541-4, hereinafter referred to as **SELLER**, and the company **STURGILL TURBINE SERVICE INC.**, registered under Tax identification number 1-15-2565406-1, based at 2401 Oak Street, Abilene, TX. 79602, hereby referred to as the **BUYER**, herein represented by his General Manager, Mr. **DANNY LEE STURGILL**, holder of Driver License Nº 06151907, given what is stated in Administrative Process No. 63003.001913/2023-38 and in compliance with the provisions of GM-MD Ordinance No. 5.175/2021, resolve to enter into this Contract, from SEALED BID No. 01/2024, subject to the clauses and conditions set out below.

1. CLAUSE ONE - OBJECT

1.1. The purpose of this contract is the sale, by lot(s), of movable assets belonging to the Brazilian Navy (BN) to the BIDDER, under the conditions established in the Terms of Reference and other technical documents that are attached to the Notice.

1.2. Object of Sale:

LOT	DESCRIPTION/SPECIFICATION	QUANTITY	SERIAL NUMBER
01	APU HONEYWELL RE100CS	04	P-650, P-651, P-653 e P-654

1.3. The following list of documents are associated with this contract:

- 1.3.1. The Terms de Reference;
- 1.3.2. The Bidding Notice;
- 1.3.3. The Bidder's Price Proposal; and

1.3.4. Any Attachments to the aforementioned documents.

2. CLAUSE TWO - PRICE AND PAYMENT

2.1. For the acquisition of the lot 1, the BIDDER will pay the amount of \$ 575,000.00 (five hundred, seventy five thousand US dollars)

2.2. Payment will be made in cash, in US dollars, via bank transfer via SWIFT message, detailed below:

- Beneficiary Bank: Banco do Brasil S/A;
- Beneficiary's Bank Address: Rua do Mercado, 20 - andar 13º, Centro, Rio de Janeiro - RJ, CEP 20.010-120;
- Beneficiary Bank SWIFT code: BRASBRJ33SA;
- Beneficiary Full Name: Diretoria de Aeronáutica da Marinha;
- Tax Payer ID (CNPJ): 00.394.502/0003-06;
- Beneficiary Address: Rua Primeiro de Março 118, 13º andar, Centro, Rio de Janeiro - RJ, CEP 20.010-000.

2.3. Once the winning bidder is announced and the contract is signed, the BUYER must make a deposit/bank transfer of the value of the proposal into the account detailed in item 2.2, within a maximum period of 40 (forty) days.

2.4. After payment, the BUYER must send to BNCW via email to elias.ferreira@marinha.mil.br or manoela.accioly@marinha.mil.br the SWIFT MESSAGE, certifying payment for the items, along with a copy of the Contract signed guaranteeing that the BUYER has complied with all its requirements.

2.5. After the confirmation of the proof of payment by BNCW under the same conditions as the documentation presented in the previous item, the authorization for the withdrawal of the alienated items will be granted through the Authorization for Withdrawal of Alienated Assets Form, Appendix II to the Terms of Reference, attached to this Notice. After formal authorization, the winner will have the deadline and conditions established in item 12 of the Terms of Reference, attached to this Contract Term to proceed the withdrawal.

2.6. In the event that payment is not made, within the period and conditions set out in the Notice, by the winning bidder, the bid agent, after certifying the fact, will examine the immediately subsequent bid and so on, in the order of classification, until the determination of an offer that meets the administration interests.

2.7. Failure to pay under the terms defined in the Notice may result in the application of administrative sanctions provided for in item 18 of the Bidding Notice.

3. CLAUSE THREE - RECEIPT AND ASSUMPTION OF RESPONSIBILITY FORM

3.1. After payment and compliance with the provisions of item 16.3 of the Notice, BNCW will forward the Receipt and Assumption of Responsibility Form issued in the name of the winning bidder in accordance with Appendix I to the Terms of Reference, attached to the Notice.

3.2. The company will have 5 (five) days to sign and return to BNCW the Receipt and Assumption of Responsibility Form.
3.3. Solely by the signing of this document (RECEIPT AND ASSUMPTION OF RESPONSIBILITY FORM) by both parties will the transfer of ownership of the assets auctioned according to item 1 of this Notice and, consequently, the responsibility for them.

4. CLAUSE FOUR - DELIVERY

4.1. The conditions for delivery and receipt of goods are defined in item 12 of the Terms of Reference, attached to this Contract.

5. CLAUSE FIVE - EXPENSE FROM THE ACQUISITION AND WITHDRAWAL OF THE LOT(S)

5.1. The BUYER will be responsible for all expenses arising from the acquisition of the lot(s), which includes documentary regularization, if necessary; taking out insurance and removing the property and any damages caused during the removal of the items from the location where they are located.

6. CLAUSE SIX - SUBCONTRACTING

6.1. Subcontracting of the contractual object will not be permitted, except for transportation, movement in the storage location and insurance of sold goods.

7. CLAUSE SEVEN - FINAL RECEIPT OF ALIENATED MATERIAL

7.1. After removing the goods in accordance with item 12 of the Terms of Reference attached to this Contract, BNCW will consult the company Priority Worldwide, which previously held custody of the material, regarding the absence of debts, damages and/or eventual losses generated by the removal of material.

7.2. In the event of incurring any costs presented by the company Priority Worldwide, these will be the responsibility of the BUYER, as recommended in item 12 of the Terms of Reference attached to this Contract.

7.3. BNCW will only issue the Final Receipt of the Alienated Material, as per Appendix III to the Terms of Reference, attached to this Contract after a formal response from the company Priority Worldwide addressed to BNCW informing the absence of any debts, damages and/or eventual losses generated by the removal of auctioned items.

8. CLAUSE EIGHT - CONTRACT GUARANTEE

8.1 There will be no requirement for a Contract guarantee.

9. CLAUSE NINE - OBLIGATIONS

9.1. BRAZILIAN NAVY OBLIGATIONS

9.1.1. Monitor contractual compliance.

9.1.2. Notify the BUYER, in writing, of any total or partial non-execution of this Contract.

9.1.3. Inform the BUYER, in writing, about any flaws or irregularities found in the object.

9.1.4. The Brazilian Navy will not be liable for any commitments made by the BUYER with third parties, even if linked to the execution of this Contract, as well as for any damage caused to third parties as a result of an act by the BUYER, its employees, agents or subordinates.

9.2. BUYER OBLIGATIONS

9.2.1. THE BUYER must assume any charges relating to salaries, overtime, additional social charges and others relating to its employees.

9.2.2. The BUYER must assume responsibility for tax and commercial expenses arising from this Contract.

10. CLAUSE TEN - VIOLATIONS AND ADMINISTRATIVE SANCTIONS

10.1. Commits violations and administrative infractions, in observance with the Brazilian law, the BUYER who:

10.1.1. give rise to partial non-performance of the contract;

10.1.2. give rise partial non-performance of the contract that causes serious damage to the Public Administration;

10.1.3. give rise to total non-performance of the contract;

10.1.4. failing to deliver the documentation required for the event;

10.1.5. not maintain the proposal, except as a result of a duly justified supervening fact, especially when:

10.1.5.1. refuse to send details of the proposal when required;

10.1.5.2. ask to be disqualified when the examination phase is complete; or

10.1.5.3. submit a proposal that does not comply with the specifications of the notice;

10.1.6. not concluding the contract or not delivering the documentation required for contracting, when called within the validity period of your proposal;

10.1.7. lead to delay in execution or withdrawal of the object of the bidding without a justified reason;

10.1.8. present a false statement or documentation required for the bidding or provide a false statement during the bidding;

10.1.9. rigging the bid;

10.1.10. behave inappropriately or commit fraud of any nature;

10.1.11. carry out illegal acts to frustrate the objectives of the bidding process;

10.1.12. perform a harmful act provided for in art. 5th of Brazilian Law No. 12,846, of 2013.

10.1.13. Based on art. 65 of GM-MD Ordinance No. 5,175/2021, the Administration may, subject to prior defense, apply the following sanctions to bidders and/or successful bidders, without prejudice to civil and criminal responsibilities:

10.1.14. warning;

10.1.15. fine;

10.1.16. impediment to bidding and contracting; and

10.1.17. declaration of unsuitability to bid or contract, while the reasons determining the punishment persist or until rehabilitation is promoted before the very authority that applied the penalty.

10.2. When applying sanctions, the following will be considered:

10.2.1. the nature and severity of the offense committed;

10.2.2. the peculiarities of the specific case;

10.2.3. the aggravating or mitigating circumstances;

10.2.4. the damage resulting from it to the Public Administration;

10.2.5. the implementation or improvement of an integrity program, by standards and guidelines from control bodies.

10.3. The fine will be collected as a percentage of 3% (three percent) levied on the highest minimum lot value, USD 575,000.00 (five hundred and seventy-five thousand US dollars), defined in the Terms of Reference attached to this Agreement, collected within a maximum period of 30 (thirty) business days, counting from the official communication.

10.4. The sanctions of warning, impediment from bidding and contracting and declaration of unsuitability to bid or contract may be applied, cumulatively or not, to the penalty of a fine.

10.5. When applying a fine, the interested party will be able to defend themselves within 15 (fifteen) working days, counting from the date of the summons.

10.6. The sanction of impediment from bidding and contracting may be applied to the person responsible as a result of the administrative infractions related to items 10.1.2 to 10.1.7 when the imposition of a more serious penalty is not justified and will prevent the person responsible from bidding and contracting with BNCW, for a maximum period of 3 (three) years.

10.7. The sanction of declaration of unsuitability to bid or contract may be applied to the person responsible, as a result of infractions incurred from items 10.1.8 to 10.1.12 that justify the imposition of a more serious penalty than the sanction of being prevented from bidding and contracting, whose duration will comply with the maximum period provided for in art. 156, §5, of Brazilian Law No. 14,133/2021.

10.8. The unjustified refusal of the bidder to sign the contract or to accept or withdraw the equivalent instrument within the period established by the Brazilian Navy, described in item 10.1.6, will characterize total non-compliance with the obligation assumed and will subject it to penalties.

10.9. The determination of responsibility related to the sanctions of impediment to bidding and contracting and declaration of unsuitability to bid or contract will require the initiation of an accountability process to be conducted by a commission composed of 2 (two) or more federal employees, which will evaluate facts and circumstances known and will summon the bidder to, within 15 (fifteen) working days, counting from the date of its summons, present a written defense and specify the evidence it intends to produce.

10.10. A protest may be filed within 5 (five) working days of the application of sanctions of warning, fine and impediment to bidding and contracting, counting from the date of the summons, which will be addressed to the authority that issued the decision, which, if not the reconsiderer within 15 (fifteen) working days, will forward the decision with its motivation to the higher authority.

10.11. A request for reconsideration of the application of the sanction of declaration of unsuitability to bid or contract shall be submitted within 15 (fifteen) working days, counting from the date of the summons, and decided within a maximum period of 20 (twenty) working days,

counting from its receipt.

10.12. The protest and request for reconsideration will have a suspending effect over the protested act or decision until a final decision is made by the competent authority.

10.13. The application of sanctions provided in this Agreement does not exclude, under any circumstances, the obligation to fully repair the damage caused.

11. CLAUSE ELEVEN - TERM AND CONTRACT TERMINATION

11.1. The contract is valid for 180 (one hundred and eighty) days from the date of signature of this Contract, in accordance with article 105 of Law No. 14,133, of 2021.

11.2. The Contract will be terminated when the term stipulated therein has expired, regardless of whether or not the obligations of both contracting parties have been fulfilled or when the Final Receipt of Alienated Material is issued in the name of the successful bidder, per Clause Seven of this Contract, whichever occurs first.

12. CLAUSE TWELVE- OMITTED CASES

12.1. Omitted cases will be decided by the **SELLER** in accordance with the rules and principles of Brazilian law, being adapted to local particularities.

13. CLAUSE THIRTEEN - PUBLICATION

13.1. It is the **SELLER's** responsibility to publish this instrument on the respective official website, on the Brazilian Navy Portal and in the Official Gazette of the Union (Diário Oficial da União).

14. CLAUSE FOURTEEN - FORUM

14.1. If the **PARTIES** cannot resolve any disputes arising from or relating to this Contract amicably, such claims shall be determined by arbitration following the International Arbitration Rules of the American Arbitration Association.

14.2. The place of arbitration will be in Washington, DC, the number of arbitrators will be three, and the arbitrator's decision will be final and binding on the **PARTIES**. Each party shall select one arbitrator within thirty (30) days after the commencement of the arbitration, and both arbitrators shall select a third. If either party fails to appoint an arbitrator within this period, the arbitrator chosen by the other party will be the sole arbitrator. In the event, the two arbitrators do not agree on the selection of a third arbitrator within 45 (forty-five) days after the commencement of the arbitration, the American Arbitration Association will select the third arbitrator.

14.3. The arbitration must be conducted in English, and all documentation must also be in English. The arbitration award shall be the sole and exclusive remedy between the parties concerning claims, counterclaims, issues, or bills presented or pleaded to the arbitrators. The award must be paid in US Dollars, net of any tax, deduction, or offset. Any costs, fees and expenses incurred in enforcing the judgment will be charged against the party resisting such enforcement.

14.4. All notices relating to the arbitration shall be in English and writing.

14.5. The dispute or claim arising or relating to the Contract will be determined following the Maritime and Commercial Laws applicable to this type of trade, and the parties will submit to the jurisdiction of the federal courts located in the District of Columbia. They will waive the right to claim a lack of personal jurisdiction in any legal process.

15. CLAUSE FIFTEEN - COPIES

15.1. To secure and validate what has been agreed upon, this Contract has been drawn up in two **COPIES** of equal content, which the contracting **PARTIES** have signed after having been read and found to be in order.

16. CLAUSE SIXTEEN - BUDGET

16.1. The financial resources for possible expenses to conduct this bidding process have been provided in the credit cell: 1 174672 1000000000 339039 743000 K412DV01B4.

17. CLAUSE SEVENTEEN - ANNEX

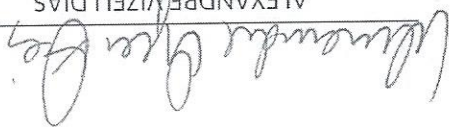
17.1. The following annex and its appendices are part of this Agreement:
17.1.1. Annex I - Terms of Reference;

17.1.1.1. Appendix I of Annex I - Receipt and Assumption of Responsibility Form;

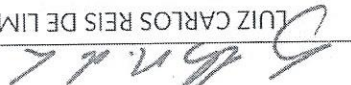
17.1.1.2. Appendix II of Annex I - Authorization for Withdrawal of Alienated Assets; and

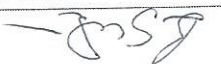
17.1.1.3. Appendix III of Annex I - Final Receipt of Alienated Material.

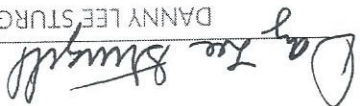
Washington DC, May 13th, 2024.


ALEXANDRE MENEZES DIAS
Captain - Brazilian Navy
President

Witness:


LUIZ CARLOS REIS DE LIMA
Commander
Head of the Purchasing Department


BRIAN WHITE
Maintenance Manager
STURGILL TURBINE SERVICE


DANNY LEE STURGILL
General Manager
STURGILL TURBINE SERVICE