

PART III – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

SECTION J

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CHAPTER I. Objectives, Scope, and Requirements

1.0 OBJECTIVE

The objective of this Contract is to obtain non-nuclear production services to support National Nuclear Security Administration (NNSA) and broader national security requirements. The Contractor shall be fully responsible for functions to support NNSA Stockpile Stewardship and Management Program activities directed by the Office of Defense Programs (DP). Furthermore, the Contractor shall directly support the NNSA Offices of Safeguards Transportation (OST) and Nuclear Non-Proliferation in addition to other Department of Energy (DOE) offices. Beyond DOE/NNSA, the Contractor shall provide unique services to ongoing missions for other Government agencies or privately owned organizations in accordance with policies identified in the operating requirements.

In addition to achieving Presidential goals outlined in the April 2010 Nuclear Posture Review, this Contract will strengthen NNSA's vision for a fully integrated and interdependent Nuclear Security Enterprise (NSE), consisting of all eight NNSA sites, by achieving the following three specific objectives:

- (i) Improving performance in the completion of national security missions for non-nuclear production operations;
- (ii) Reducing the cost of performing work; and
- (iii) Requiring actions that support operation as an integrated DOE/NNSA enterprise.

2.0 BACKGROUND

2.1 The NNSA Mission

The NNSA, established by Congress per the NNSA Act (Title XXXII of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65) as a semiautonomous element within DOE. NNSA is responsible for the management and security of the nation's nuclear weapons, non-proliferation, and naval propulsion programs. It also responds to nuclear and radiological emergencies in the United States and abroad. Additionally, NNSA federal agents provide safe and secure transportation of nuclear weapons, components and special nuclear materials, along with other missions supporting the national security.

2.2 The NNSA Organization

NNSA relies on Management and Operating (M&O) Contractors to manage day-to-day site operations and to adhere to its policies when operating its laboratories, production plants, and other facilities in the NSE in compliance with legal requirements and DOE/NNSA policies.

NNSA establishes the work to be accomplished by the Contractor and will provide program and performance direction regarding what NNSA wants in each of its programs. The Contractor will have the flexibility to use its expertise and ingenuity to determine how the work is to be accomplished and is accountable for assuring safe, secure, effective, and efficient operations, and providing directed deliverables in accordance with the terms and conditions of this Contract.

Together, NNSA's M&O Contractors implement NNSA's all-encompassing Stockpile Stewardship Program managed by Defense Programs that includes operations associated with surveillance, assessment, maintenance, refurbishment, manufacture and dismantlement of the nuclear weapons stockpile as well as research, development and certification efforts.

Overall, the NNSA needs to carry out its mission within research, development, and manufacturing organizations that are integrated, efficient, and cost effective. Work must be aligned with requirements received from key customers in a manner that strives to retain the intellectual excellence and key infrastructure capabilities demanded by national interests.

2.3 LOCATION OF PERFORMANCE

The term "National Security Campus" (NSC) as used herein includes several Government-owned or leased facilities, along with a variety of satellite operations. The primary facility is located in Kansas City, Missouri, and consists of a Government-leased nuclear weapon component production plant that manufactures electrical, electronic, mechanical, electro-mechanical, plastic, and metal components. Satellite operations include Government-owned or leased facilities located in Albuquerque, New Mexico, that provide support to other DOE organizations associated with nuclear weapons activities; and support operations at several training and communications sites.

The NSC in Kansas City, Missouri is situated on approximately 177 acres located at Botts Road and US150 highway. The facility is owned by the Planned Industrial Expansion Authority of Kansas City and leased for the NNSA by the General Services Administration (GSA) from Centerpoint Zimmer LLC. The Occupancy Agreement between the NNSA and the GSA is for twenty years. The NSC is comprised of four buildings; building 1 is an office building, buildings 2 and 3 are NNSA manufacturing buildings, and building 4 is the National Secure Manufacturing Center supporting Work for Others. As of May 2014 the Kansas City, Missouri, employment is approximately 2,484 people.

The old Kansas City, Missouri, plant is situated on approximately 140 acres of the 300 acre Bannister Federal Complex. It is within the city limits in a highly developed area approximately 12 miles south of downtown Kansas City. The 3.1 million square foot plant shares the Bannister Federal Complex with numerous other federal agencies, and operates the site in conjunction with GSA. The plant is dominated by a large manufacturing building of 2.2 million gross square feet, and thirty-six other buildings with a total of approximately 0.9 million gross square feet.

NSC New Mexico (also referred to as Kirtland Operations (KO)), located in Albuquerque, New Mexico, are principally located in the vicinity of the Albuquerque International Sunport Airport, adjacent to the Kirtland Air Force Base (KAFB). This facility, consists of five (5) leased commercial closely clustered buildings totaling approximately 121,000 gross square feet. These buildings are the Craddock facility (buildings A,B, and C) at approximately 81,000 gross square feet, the Alamo building at approximately 28,000 gross square feet, and the Air Park building at approximately 12,000 gross square feet. Additionally, KO provides support to the Office of Secure

Transportation (OST) from an approximately 6,000 gross square feet facility located on KAFB and operated by OST, and to the Office of Emergency Operations (NA-40) from an approximately 14,000 gross square feet facility located on KAFB and operated by NA-40. As of June 5, 2014, the KO employment was approximately 200 people.

3.0 SCOPE

This Contract is comprehensive with an objective to perform all necessary operational, coordination, and management functions at the NSC and Satellites required to support NNSA and broader national security missions assigned to these facilities. This includes but is not limited to all ongoing missions and functions, as well as those that may be assigned during the term of the Contract. It further includes all infrastructure management and maintenance; information technology; human resource management including critical skills recruitment and retention; environmental management; health, safety and security systems; and purchasing, asset management and other administrative systems.

The Contractor shall be fully responsible and accountable for the safe and secure accomplishment of all work, whether performed by its own personnel or team members, including subcontractors. The Contractor shall be responsible for planning and coordinating production schedules; integrating, managing and executing the programs; supporting and executing large and small projects; and completing operations and other activities as described in this Statement of Work.

3.1 Mission

The Contractor shall safely and securely complete all mission responsibilities and improve performance in the completion of national security missions for non-nuclear production operations and all other national security missions, as applicable. NNSA has a National Work Breakdown Structure (NWBS) that is discussed further in Section J, Appendix F, National Work Breakdown Structure. For this Contract, the general work structure and functional activities of the site is defined in Section J, Appendix A, Chapter II, Work Scope Structure.

The scope of operations at the NSC includes manufacturing and/or procuring a multitude of nonnuclear electrical, electronic, electro-mechanical, mechanical, plastic, and metal components for nuclear weapons. These manufacturing and/or procurement operations are reflected in approximately 5,700 major active part numbers and 1,000 ship items, requiring 120 major technologies/processes, supporting 42 product lines, and approximately 300 suppliers. The NSC Contractor provides and operates a production management system to control and level-load the output of multiple manufacturing processes, considering an average of 8,000 weapon packages are shipped monthly.

At a minimum the Contractor shall:

- (i) Ensure the full set of manufacturing and evaluation operations are performed safely, efficiently and timely for active production technologies;
- (ii) Implement diagnostic techniques that will provide high quality data on the safety, security and reliability of the nuclear weapons components manufactured and/or procured through the NSC;

- (iii) Effectively use advanced design and manufacturing technologies and systems to design and produce products on short cycle times, with quality that approaches zero defects;
- (iv) Effectively support qualification and requalification activities for the manufacture of electrical, electronic, electro-mechanical, mechanical, plastic, and metal components and hardware to support the NSE's response to stockpile issues; and
- (v) Disposition planning, preparation and execution are performed within scope and schedule. Cost of disposition is to be minimized to protect Readiness in Technical Base and Facilities (RTBF) budgets. Work is to be accelerated to the extent possible to minimize out-year RTBF budgets.

In order to achieve the above results, the Contractor is expected to move to a higher level of performance throughout the term of the Contract by making the following process enhancements:

- Demonstrate a culture of continuous improvement for plant disciplines (such as cross-functional skill development, flexibility in job classifications, process-based manufacturing, outsourcing of appropriate products, quality, scheduling for continuous output, cost controls) and the associated metrics to demonstrate performance,
- Improve integration, partnering, and support among the NSE Contractors to promote early on-site problem solving and assist in NSE site issues, consolidation of business elements, and cost efficiencies,
- Develop and deploy effective strategic planning for the mission in the environment of changing budgets and technical and regulatory requirements,
- Assure effective human resource management and the availability of critical skills and capabilities to ensure operations are performed timely and efficiently, and
- Ensure that the infrastructure and facilities are operationally safe, secure, compliant, and that an acceptable defined level of readiness is sustained at all facilities.

Operational excellence is a desired underlying philosophy and mindset expected for the NSC. This incorporates the principle that compliance with regulations and standards shall be accomplished while performing NSC missions on time, at a reasonable cost, while protecting human health and the environment, and conserving the Government's assets. Operational excellence shall include a focus on the requisite rigor and discipline in all aspects of Contractor activities and, in particular, holding management and staff accountable. To achieve this operational excellence, it is essential that operations at the NSC be performed in a manner that meets DOE and other regulatory objectives. Therefore, a disciplined, effective and efficient management system to meet and exceed current industry performance in manufacturing operations is a significant objective of this Contract.

3.3 Scope and Financial Management

The Contractor shall support the DOE/NNSA Planning, Programming, Budgeting and Evaluation (PPBE) process. In supporting PPBE, the Contractor shall provide financial data for Government systems, such as:

- Standard Accounting and Reporting System (STARS)
 - STARS information is provided under the Institutional Cost Reporting Categories
- iMANAGE
- Enterprise Portfolio Analysis Tool (EPAT)
- Facilities Information Management System (FIMS)

The Contractor shall maintain financial cost reporting systems to provide detailed cost reports for cost, scope, and schedule for direct and indirect costs for all work performed under this Contract. The cost reports shall include labor costs, leave/hours not worked, staff augmentation, fringe, pension, legacy, materials, services-subcontractors, direct service centers, other expenses, capital, labor category, and full-time equivalent (FTE) resource usage for all direct and indirect costs and use cost benefit analyses to determine the appropriate level of support functions and risks. The Contractor shall provide NNSA transparency into those financial cost reporting systems and shall provide routine reports to allow NNSA visibility into program and cost management supporting reports to external sources (see Section J, Appendix L, Program Management and Cost Reports). The Contractor's financial cost reporting systems shall support the DOE STARS, iMANAGE, EPAT and support systems, such as FIMS, as well as other Government systems as they are developed and implemented.

The NNSA will provide the initial cost information, FTE data and scope framework on the effective date of the Contract. The Contractor shall develop a baseline for all Contractor direct programs and indirect support costs in accordance with DOE institutional cost reporting categories. The baseline shall include cost, scope of work, and schedule with a change control process. Baselines will be used for implementing the cost reduction features under this Contract. The baseline will be reviewed and approved annually by the Contracting Officer.

The Contractor shall have in place tools to: 1) manage mission and indirect changes in scope, cost, and schedule; 2) compare actual costs of work performed (ACWP) to budgeted costs of work performed (BCWP); 3) accurately forecast estimated costs to complete (ETC) and estimated total costs at completion (EAC); and 4) document deviations from the baselines described above in this paragraph and, on a timely basis, notify the Contracting Officer of such changes. The Contractor shall not make retroactive changes to records pertaining to work performed that will change previously-reported costs, except for correction of errors and routine accounting adjustments and shall not make retroactive changes for funding fluctuations or revisions in EAC.

3.4 Enterprise Success

The Contractor shall actively identify and participate with NNSA, and other NNSA M&O Contractors, to evaluate, plan, develop and implement strategic initiative activities that optimize mission and business operations across the NSE. The goal of these initiatives is to increase the efficiency and cost effectiveness from a business and mission perspective.

The Contractor shall lead and/or participate in strategic business and management initiatives that result in:

- Reduced operational costs enterprise-wide;

- More consistent work practices and operational processes;
- Better pricing, better products, more timely delivery;
- Reduced administrative costs and lead times for both the Contractor and the DOE/NNSA;
- Greater standardization and interchangeability across the NSE; and
- Increased awards to small business entities.

4.0 ADMINISTRATIVE AND TECHNICAL REQUIREMENTS

4.1 Integrated Safety Management (ISM), Integrated Safeguards and Security Management (ISSM), Environmental Management System (EMS), and Quality Assurance Systems (QAS)

The Contractor shall ensure that the principles of ISM, ISSM, EMS, and QAS are integrated into its operations and that its Contractor Assurance System (CAS) reflects Contractor integrated performance related to these systems.

4.2 Work Authorization (WA) System

Specific work requirements under this Contract will be established annually and updated as needed by the Contracting Officer in accordance with DOE Order 412.2 entitled “Work Authorization System” and the Contract’s Section I Clause entitled “DEAR 970.5211-1, Work Authorization.”

4.3 Information Technology (IT)

The Contractor shall support NNSA’s efforts to optimize the efficiency of the NSE by consolidating IT infrastructure/services and eliminate redundant systems, to increase efficiency through mobility and cloud computing, and to improve business processes to better integrate across sites. To accomplish these goals, the Contractor shall develop a single, integrated “to-be” vision that uses the best available technologies and management practices from both Government and commercial sources to improve and achieve performance excellence, including fiscal efficiency. Desktop and back-office computing capabilities shall be compatible with those used by NNSA. Back-office functions shall include, but not be limited to, payroll, finance, project management, and human resources.

All deliverables that involve information technology that use internet protocol (products, services, software, etc.) shall comply with Internet Protocol version 6 (IPv6) standards, the Homeland Security Presidential Directive-12 (HSPD-12), and interoperate with both IPv6 and IPV4 systems and products. If the Contractor plans to offer a deliverable that involve IT that is not initially compliant, the Contractor shall (1) obtain Contracting Officer’s approval before starting work on the deliverable; (2) provide a migration path and firm commitment to upgrade to IPv6 and HSPD-12 compatibility for all application and product features, and (3) have IPv6 technical support for fielded product management, development and implementation available.

The Contractor, prior to using any Contractor-owned software and systems where reimbursement is expected, shall obtain the Contracting Officer’s approval. Per the Section I clause DEAR 970.5227-2 Rights in Data - Technology Transfer (Dec 2000) Alternate I (Dec 2000) (NNSA Class Deviation Oct 2011), the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license by or for the Government, in any Contractor-owned software and systems brought in and used.

Said license shall be limited to the continued non-nuclear production work by successor Contractors.

4.4 Governance

Governance is the system of management and controls exercised in the stewardship of the organization. The governance system shall be consistent with NNSA governance documents (NAP-21 included in Section J, Appendix K, List of Applicable Directives). Contractors must self-govern and deliver mission results in a safe and secure manner. The Contractor shall implement governance through a collaborative partnership with NNSA to form the self-governance framework by which the mission is accomplished in an effective and efficient manner. The governance framework invokes trust and confidence between parties, defines expectations and authorities and verifies performance by using objectives, requirements, assessments, metrics and rewards. The Contractor will focus on NNSA transformation activities that maximize the ability to complete the mission in a way that ensures effective and efficient stewardship of the taxpayers' money. The Contractor shall streamline operations and reduce costs to maximize mission accomplishment through a common understanding of expectations and performance accountability, supported by a strong Contractor Assurance System (CAS). The Contractor shall have a CAS as a subordinate and supporting feature of Governance as described in 4.4.1 below.

4.4.1 Contractor Assurance System: The Contractor shall have a Contractor designed and used system to manage performance consistent with Contract requirements. The CAS shall be a primary tool used by Contractor management to measure and improve performance, ensure that mission objectives and Contract requirements are met; ensure that workers, the public and the environment are protected; and ensure that operations, facilities, and business systems are efficiently and effectively operated and maintained. An effective CAS integrates Contractor management, supports corporate parent governance and facilitates Government oversight systems as described in NAP-21. NNSA oversight shall not be relied upon by the Contractor as the primary feedback in assessing its performance. The Contractor is fully accountable for performing its own assessment of these areas.

4.4.2 Standards and Directives Reform: The Contractor shall submit a plan within 180 days after start of Base Term that identifies standards (e.g., ISO 9001, 14001, 18001, or other international or industry standards) to be used to replace other DOE requirements and provide the ability for the Contractor to operate with industry best practices. The plan shall describe how quickly the Contractor will achieve ISO certifications or other recommended standards but commit to completion no later than by the end of the second year of the Base Term. In addition, the Contractor, as part of its governance, shall continuously evaluate and examine DOE directives, orders, and requirements to propose needed exemptions or modifications to allow the Contractor to operate in the most effective and efficient manner and to assist in delivering cost savings to the Government.

4.4.3 Parent Organization(s)

- (i) The Contractor is encouraged to identify opportunities for the use of parent corporate systems and corporate home and branch office personnel for site operations for the purposes of monitoring plant performance, assisting the plant in

meeting its mission and operational requirements, streamlining the Contractor's administrative and business systems, improving performance, and adapting private sector expertise to plant issues.

- (ii) The term "systems" means any discrete process, procedure, program, document or instrument where cost of use under this contract can be identified and quantified to the parent corporation.
- (iii) The Contractor, prior to using any parent corporate systems or home and branch office personnel where reimbursement is expected, shall submit a plan to the Contracting Officer for review and approval. In reviewing the plan, the Contracting Officer will consider the extent to which each separate element of the Plan is more efficient in meeting mission and operational requirements; represents an overall cost savings to the Government; brings value-added expertise; assists the monitoring of performance; and whether data is readily transferable to a successor Contractor.
- (iv) Per the Section I clause DEAR 970.5227-2 Rights in Data-Technology Transfer (Dec 2000) Alternate I (Dec 2000) (NNSA Class Deviation Oct 2011), the Contractor hereby grants the Government an irrevocable, nonexclusive, paid-up license, by or for the Government, in any Contractor-owned software and systems brought in and used in the performance of this Contract. Said license shall be limited to the continued operations of the National Security Campus by successor Contractors.
- (v) The parent organization(s) shall establish an oversight entity, independent and autonomous from National Security Campus management, that shall ensure successful contract performance and that shall identify opportunities for the parent organization(s) to engage with National Security Campus management to address National Security Campus performance issues. The parent organization shall discuss oversight mechanism results and initiatives with senior NNSA leadership each quarter.
- (vi) The parent organization(s) shall also establish an audit entity (e.g., audit committee), independent and autonomous from National Security Campus management, that shall perform financial reporting, risk management, internal control, ethics, compliance with laws and regulations and the National Security Campus code of conduct, and the internal audit and external audit and review processes. The audit entity shall be established consistent with best practices identified by the Institute of Internal Auditors (IIA) and The Sarbanes Oxley Act of 2002, Section 301.
- (vii) The audit entity shall provide the Contracting Officer with annual reports of its activities. On an annual basis the audit entity shall brief the Contracting Officer, or other delegate, as to its perspective on the:
 - (1) Health of the Contractor's control environment;
 - (2) Effectiveness of corrective action plans resulting from audit and review findings;
 - (3) Significant financial and operational risk facing the organization; and
 - (4) Adequacy of the Contractor's internal audit activity and staffing.

- (ix) Parent organization(s) costs are "Home Office Expenses" as addressed in DEAR 970.3102-3-70, *Home Office Expenses*. Home Office Expenses, whether direct or indirect, are unallowable, unless otherwise specifically provided for in the Contract or specifically agreed to in writing by the Contracting Officer.

4.4.4 Award Fee Plan: The Contractor shall participate in the formulation of Performance Evaluation Plans (PEP) that covers a defined period of time. The PEP shall include performance objectives, goals, and measures.

4.4.5 Performance Metrics: The Contractor shall propose a list of performance metrics that provide Contractor and NNSA management an overall assessment of the "health of the operation" quickly and accurately. Once established, the metrics shall be part of the CAS and be provided with transparency to aid in the identification and understanding of significant performance issues.

4.5 Contractor Human Resources

The Contractor shall have the flexibility to restructure the workforce and make changes to employee benefits throughout the term of the Contract, as may be permitted by this Contract and applicable law, to maximize efficiencies. The Contractor shall be responsible for identification and maintenance of critical skills and for the employment of all professional, technical, skilled, and other personnel engaged and to be engaged by the Contractor in the work hereunder, and for the training of personnel, including apprentice programs. Persons employed by the Contractor or its subcontractors or consultants shall not be deemed employees of the Government. The Contractor shall follow the Human Resources (HR) requirements pertaining to workforce transition and management in accordance with Section J, Appendix A, Chapter III, Human Resources.

4.6 Environmental Permits and Applications

In recognition of the Contractor's responsibility to operate in compliance with all applicable environmental requirements, the Contractor is responsible for signing environmental permits and applications as "operator or co-operator" at the sites.

- (i) If bonds, insurance, or administrative fees are required as a condition for such permits, such costs shall be allowable. In the event that such costs are determined by NNSA to be excessive or unreasonable, NNSA shall provide the regulatory agency with an acceptable form of financial responsibility.
- (ii) The Contractor shall accept, in its own name, service of notices of violations or alleged violations (NOVs/NOAVs) issued by Federal or State regulators to the Contractor resulting from the Contractor's performance of work under this Contract, without regard to liability. The allowability of the costs associated with fines and penalties shall be subject to clauses of this Contract. The Contractor shall notify the Contracting Officer promptly when it receives service from the regulators of NOVs/NOAVs and fines and penalties. Nothing stated above shall affect the Contractor's right to challenge or contest the applicability or validity of such NOVs/NOAVs and fines and penalties.

- (iii) In the event of termination or expiration of this Contract, NNSA will require the new Contractor to accept transfer of all environmental permits executed by the Contractor.
- (iv) When providing NNSA with permits and applications that are to be signed or co-signed by NNSA, the Contractor will accompany such document with a certification statement, signed by the appropriate Contractor corporate officer, attesting to NNSA that the document has been prepared in accordance with all applicable requirements and the information is, to the best of its knowledge and belief, true, accurate, and complete.

4.8 Interfaces with Other Site Users

Within the NSC locations, there are multiple Contractors responsible for a variety of broad-based programs. Within 90 calendar days after the start of the transition period, the Contractor shall submit, for NNSA approval, an Interface Management Plan (IMP) for the affected sites to identify and manage site interfaces/services between DOE, NNSA, DOE/NNSA Contractors, and tenant entities engaged in onsite activities. The IMP should identify any costs related to other site users. For the sites, services that require interface agreements shall be provided in accordance with existing or newly developed memoranda of understanding or other appropriate agreements. The Contractor will provide input to the Kansas City Field Office regarding effective support toward common site security and operational objectives. The Government will not consider such input if one contractor has any potential organizational conflict of interest with the other contractor.

4.9 Privacy Act System of Records

The Contractor shall design, develop, and maintain a system of records on individuals to accomplish an agency function in accordance with the Contract's Section I Clause entitled "FAR 52.224-2, Privacy Act." The applicable systems of records are available on the Federal Register. A list of applicable records will be finalized after contract award.

CHAPTER II. Work Scope Structure

1.0 INTRODUCTION

Specific work requirements under this Contract will be established annually by the Contracting Officer in accordance with the Chapter I, Section 4.2 above entitled "Work Authorization System." The Contracting Officer will issue Work Authorizations for each major work area to be accomplished in a given year. These Work Authorizations will conform to the Scope of Work of this Contract and further affect the General Requirements specified in this section.

2.0 GENERAL REQUIREMENTS

2.1 Defense Programs Strategic Planning Process

The Contractor shall contribute to the development of the DOE's Office of Defense Programs (DP) strategic planning process and the Contractor shall execute those plans. The goal of the DP planning process is to integrate programmatic work to maximize scientific and technical work accomplishment, while minimizing duplication between programs and sites and while providing for major investments in facilities within essentially fixed budgets. Work is defined in three major categories:

- **Directed Stockpile Work** is activity that supports ongoing stockpile maintenance and refurbishment work as well as the scientific understanding and engineering development capabilities necessary for the refurbishment and certification of the stockpile to support Stockpile Life Extension Programs.
- **Campaigns** are focused efforts involving the weapons plants, the three weapons laboratories, and the Nevada Test Site (NTS), to address critical capabilities needed to achieve key future program objectives. Campaigns are technically challenging, multi-function efforts that have definitive milestones and specific work plans. The NSC is a major participant in the Enhanced Surveillance, the Advanced Design and Production Technologies, and the Nonnuclear Readiness campaigns.
- **Readiness in Technical Base and Facilities** are those scientific and technical activities required to ensure that the infrastructure and facilities are operationally safe, secure, compliant, and that an acceptable defined level of readiness is sustained at all facilities.

2.2 Technology and Business Integration

The Contractor shall use available technology and management practices from both government and commercial sources to improve and achieve excellence. The DOE is continuously looking for opportunities to optimize the efficiency of the site and the collective accomplishment of the weapons production mission through integration of multiple site activities.

The Contractor shall propose and participate with other DOE Contractors and other Federal Contractors and agencies to support these efficiencies. If a stockpile stewardship function were centralized at a single site, the Government would provide these centralized materials and services to the other sites. Therefore, the DOE reserves the right to reassign missions, both core and non-core responsibilities, when it is in the best interest of the Government, and requires the Contractor to propose and support such initiatives.

The Contractor shall provide nonnuclear materials and components for the six production sites of the NSE. The Contractor shall work with the six production sites to ensure cost-effective products are delivered on time to meet National Security needs. The Contractor shall integrate supplier management and quality to include: pre-qualification, manufacturing process evaluation, field inspection and source acceptance, performance tracking, and corrective action/problem resolution.

The NSC is designated as the lead site for the Supply Chain Management Center (SCMC). In this role, the Contractor shall work with NNSA to integrate strategic sourcing for contractor procurement spending across NNSA M&O sites. In addition, the Contractor shall support the effort to implement SCMC tools and systems at DOE M&O sites.

The Contractor shall provide subcontract administration for the NSE for the Roof Asset Management Program (RAMP). In this integration role the Contractor will coordinate with the other participating NSE sites to ensure efficient and effective management of the program. The Contractor will also work with NNSA to expand applicability of the RAMP to DOE sites beyond the NSE as directed by the Contracting Officer.

The Contractor shall provide the management expertise and such other services as may be necessary to accomplish the efficient operation of the facilities at the NSC. The Contractor shall maintain national security mission competency and capability.

2.3 Plant Directed Research, Development and Demonstration (PDRD) Program

The Contractor shall conduct a DOE approved Plant Directed Research, Development and Demonstration (PDRD) Program that supports science-based manufacturing related to the NNSA weapons mission, and encourages advanced research, development, and demonstration work to enhance the science and technology capabilities and core competencies required to fulfill the mission of the plant.

3.0 DIRECTED STOCKPILE WORK (DSW)

Directed Stockpile Work includes weapons and production support programs. These programs are performed to achieve stockpile evaluation, stockpile maintenance, and nuclear weapons assembly and disassembly objectives in accordance with DOE/NNSA requirements. The Contractor shall provide the following:

3.1 Weapons Programs

Provide management of the manufacture, evaluation and refurbishment of nuclear weapon components as follows:

- Procure and manufacture nonnuclear electrical, electronic, electro-mechanical, mechanical, plastic, and metal components for nuclear weapons in support of the DOE Stockpile Life Extension Programs, Limited Life Component Exchanges, and the stockpile evaluation program;
- Manage the NSE Integrated Production Scheduling System;
- Store nonnuclear components and hardware for nuclear weapons;
- Refurbish, repair and modify nonnuclear components and hardware for nuclear weapons;

- Disassemble and dispose of nonnuclear nuclear weapons components and hardware no longer required in the military stockpile;
- Maintain production capabilities for components and hardware not in the active stockpile;
- Manage a weapons quality assurance program to ensure that products meet design agency specifications, and certify in writing that weapons material submitted to DOE meets the requirements of applicable drawings and specifications;
- Perform research, development, testing and engineering work for the current and future NSC production missions to include development work in support of the weapon laboratories; and
- Support DOE production information systems.

3.2 Production Support Programs

- Provide management of operations and support activities to support the nuclear weapons program functions, and maintain core mission competencies and capabilities. These activities include Quality Supervision and Control, Production Supervision and Control, Production Engineering, and other mission support.
- Provide support to other Management and Operating Contractors in the collective accomplishment of the NSE production mission.
- Operate product testing laboratories focused on metallurgical/mechanical analysis, analytical chemistry, stockpile environment testing, and nondestructive evaluation.
- Operate and maintain a metrology laboratory; and develop, build, and maintain test equipment and gages for nonnuclear components.

4.0 CAMPAIGNS

4.1 Enhanced Surveillance Campaign

Implement advanced diagnostic techniques to be used by the Core Surveillance Program. These techniques will provide high quality data on the safety, security and reliability of the nuclear weapons stockpile.

4.2 Advanced Design and Production Technologies Campaign

Effectively use advanced design and manufacturing technologies and systems to design and produce products on short cycle times, with quality that approaches zero defects.

4.3 Nonnuclear Readiness Campaign

Provide tools, techniques and capacities to enable ambitious goals in cost, delivery time and product performance for Directed Stockpile Work. This campaign bridges the gap between technologies developed and demonstrated in campaigns for Advanced Design and Production Technologies, Enhanced Surveillance, and Enhanced Surety and the production availability/capacity required by Directed Stockpile Work.

4.4 Additional Campaigns

Perform work in areas of other Campaigns as they are identified and established along with their associated implementation plans.

5.0 READINESS IN TECHNICAL BASE AND FACILITIES

The Contractor shall provide management and administrative capabilities to maintain the NSC in the production readiness posture defined by DOE. Maintaining this state of readiness requires the Contractor to provide the following administrative and technical capabilities, and to provide an assessment of its Readiness to DOE each year.

5.1 General Management, Administration and Oversight

The Contractor shall be fully responsible and accountable for the safe, efficient and effective accomplishment of all work, whether performed by its own personnel or onsite subcontractors. The Contractor shall be responsible for planning, integrating, managing and executing the programs, projects, operations and other activities as described in this scope of work such that all functions are fully integrated and work is accomplished safely. The Contractor shall provide general management and program management functions that include: legal services, audit services, business systems management, human resources, property management, information resources, financial services, safeguards and security, public information and external communications activities, intergovernmental affairs, training, procurement, and industrial relations.

The Contractor shall establish clear ES&H priorities and manage activities in proactive ways that comply with human health, safety and environmental regulations; minimize wastes; and comply with applicable regulatory requirements and DOE directives.

The Contractor shall continuously analyze plant activities to identify commercial standards and practices that may be substituted for DOE Orders and Directives or for current plant business practices. The Contractor shall evaluate the benefits of incorporation of those standards and practices into facility operations, and develop proposals that define the transition timelines and metrics to be used in monitoring the success of those substitutions that are approved by DOE. The Contractor shall integrate the concepts of continuous improvement into all aspects of plant operations, for example, through the use of independent quality certification, safety and environmental management systems, total quality management, etc.

5.2 Waste Management

The Contractor shall manage and perform waste minimization activities and waste management activities to support plant operations.

5.3 Construction Programs and Capital Equipment

Construction programs include the design and construction of facilities necessary for the performance of NSC missions. The Contractor shall:

- Manage the design, construction, procurement/installation and startup of plant/equipment for capital facilities at the NSC. Modifications to the NSC will be handled consistent with the GSA Lease Agreement, Occupancy Agreement, and Delegations of Operations between NNSA and the GSA.
- Manage the building preparation for the disposition of the Bannister Federal Complex.
- Procure and install specific equipment items pursuant to capitalization criteria as defined by DOE.

It is expected that these projects and activities will be managed to the approved baseline, accomplished on or ahead of schedule, within budget, and will meet stated purpose or

objective. During the term of the Contract, significant recapitalization may be required to meet production readiness objectives.

5.4 **Asset Management**

The Contractor shall perform custodial management of government-owned/leased facilities and equipment at the NSC and in doing so provide the following:

- Planning/Engineering/Support
The Contractor shall manage government-owned, leased, or controlled real property and attendant facilities under this Contract. Support the management of the NSC consistent with the GSA Lease Agreement, Occupancy Agreement, and Delegations of Operations. Specific activities include land and facility use planning, real property management, construction project management, utility management, maintenance management, configuration management, and support of the DOE in its disposition activities of the Bannister Federal Complex .
- Utility Operations
The Contractor shall manage utility operations that include support for all electric service, fuel oil, natural gas, potable water/sewer service, purified water, nitrogen, steam, chilled water, and non-potable hot water operations and utility services, whether contracted for by the Contractor or DOE. Included in Contractor's responsibilities is the operation of boiler/chiller plants, utility systems, procured utilities, utilities to other federal tenants, and managing the facility in an energy efficient manner per developed energy management plans. NSC operations will be managed by the Developer team and overseen by GSA with support from the Contractor. NSC New Mexico (NM) operations will be managed by lessor and overseen with support from the Contractor.
- Maintenance
The Contractor shall manage the Bannister maintenance activities, including facilities, custodial services, and energy repairs and/or projects, modifications, and special project services for facilities. The Contractor shall perform periodic condition assessments of the property to determine any deterioration or technical obsolescence that may threaten performance or safety. The NSC shall be managed consistent with the GSA Lease Agreement, Occupancy Agreement, and Delegations of Operations. The NSC/NM is to be managed consistent with the Contractor's lease agreements.

5.5 **Site Services**

The Contractor shall provide the following Site Services, comparable to best-in-industry practices:

- Environmental, Safety & Health Programs
Manage and integrate Environmental, Safety & Health (ES&H) programs for the purpose of ensuring that current and future plant operations do not negatively impact the environment, or the health and safety of the public, employees, and property. ES&H programs include air emissions; toxic materials; pesticides; storm-water, sanitary, and waste water discharges; safety and risk management; fire protection engineering; fire protection; industrial hygiene; and radiological protection.

- Security
Manage the NSC security program to protect classified information, nuclear weapon components and other government property. In addition, provide general industrial security services for general plant operations.
- Emergency Services
Manage onsite emergency management and emergency operations programs.

5.6 Other Site Services

The Contractor shall provide other site services that are incidental or related to this Statement of Work as directed and funded by DOE. These support services include onsite and offsite activities that are complementary to the NSC mission and enable DOE to accomplish its integrated nuclear weapons mission.

6.0 FUNCTIONAL SUPPORT

The Contractor shall provide:

6.1 General Support

General management and program management functions including: executive direction, human resources, financial support services, procurement, legal services, central administrative services, program and project controls, information outreach, information services, personal property management and other general support functions.

6.2 Mission Support

Mission support functions including environmental, safety and health, facilities management, maintenance, utilities, safeguards and security, logistics support, quality assurance, and laboratory/technical support.

In addition, provide services and support, as directed by NNSA, in the following areas:

- (i) Office of Secure Transportation facilities;
- (ii) DOE Central Scrap Management Office;
- (iii) DOE Business Center for Precious Metals Sales and Recovery;
- (iv) DOE Tri-Laboratory Office; and
- (v) Sandia-operated Weapons Evaluation Test Laboratory (WETL) operations.

6.3 Site Specific Support

Site specific support includes management and incentive fee administration, state and local taxes, and direction of a DOE-approved PDRD Program.

7.0 OTHER DOE SUPPORT

7.1 Secure Transportation Asset Support

The Contractor shall provide production and technical support to the NNSA Office of Secure Transportation, including computer program design and development, numerical analysis, artificial intelligence applications, physics modeling, escort vehicle manufacturing, procurement and manufacture of tractors and trailers, vehicle maintenance and refurbishment, force on force simulation logistics, development of training programs, and maintenance of remote communications equipment.

7.2 Non-Proliferation, Treaty Related Issues and Verification

The Contractor shall support planning activities and shall execute assigned tasks related to worldwide non-proliferation programs, treaty-related activities, and DOE transparency and verification initiatives.

7.3 Environmental Restoration

The Contractor shall manage and perform environmental characterization, and “operations and maintenance” requirements of solid waste management units in accordance with established permits.

7.4 Supply Chain Management Center (SCMC) and Roof Asset Management Program (RAMP)

As mentioned in Chapter II.2.2 the Contractor shall work with NNSA and DOE to expand SCMC and RAMP services to DOE sites outside the NSE and EM sites as determined appropriate by the Contracting Officer.

7.5 Emergency Response

The Contractor shall provide production and service support to the NNSA Office of Emergency Response, including fieldable tools, training devices, depot storage, equipment maintenance, device characterization, equipment procurement, life-cycle management, and field logistics.

8.0 OTHER NON-DOE SUPPORT

The Contractor shall manage and execute other assigned programs related to the NSC mission.

8.1 Work for Others (WFO) Program

The Contractor shall conduct a Work for Others (WFO) Program, as approved by the Contracting Officer. Some of the major WFO sponsors include DOD, Federal and State agencies, and academia. All such work shall be consistent with and complementary to the approved missions of NSC. Work shall be done in accordance with policies identified in the operating requirements for the NSC to maintain its weapons production capabilities.

8.2 Technology Partnerships Program

The Contractor shall support or establish Technology Partnerships for the transfer of manufacturing technology to American-owned businesses as required. This work takes advantage of partnerships with industry through cooperative research and development agreements, outreach and direct assistance programs, user agreements and facilities, and education and training. All projects must enhance the NSC’s ability to meet mission requirements and improve the industrial competitiveness and national security of the United States.

CHAPTER III. Human Resources

1.0 DEFINITIONS

Incumbent Employees are the employees in good standing of Honeywell FM&T, LLC under Contract DE-NA0000622 as of the effective date of the Contract.

Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor upon the beginning of the Base Term at the NSC.

2.0 WORKFORCE TRANSITION

The following are requirements the Contractor shall carry out during the Transition Term prior to the beginning of the Base Term. After the effective date of the Contract, the Contractor may propose alternate due dates for the deliverables described in **2.1 Staffing Plan**, **2.2 Pay & Benefits**, and **2.3 Incumbent Employees Right of First Refusal**, and **2.4 Personnel Appendix (Section J, Appendix G)**. The Contracting Officer may approve such changes provided the deliverable dates make transition more effective and efficient for both parties.

2.1 Staffing Plan

No later than 30 calendar days after the effective date of the Contract the Contractor shall provide NNSA its plan for achieving the right workforce size and skills mix and an estimate of the number of employees at each site to whom it expects to make employment offers.

2.2 Pay & Benefits

Consistent with the requirements identified in **3.0 COMPENSATION** and **4.0 BENEFITS** below, the Contractor shall develop and submit for NNSA approval a pay and benefits program to cover non-bargaining unit Incumbent and non-bargaining unit Non-Incumbent Employees at NSC. It is expected that the benefits program will be developed using best practice and market based design concepts to achieve maximum efficiency and lower cost.

2.2.1 No later than 45 calendar days after the effective date of the Contract, the Contractor shall submit for NNSA approval all proposed benefit plans including but not limited to retirement plans, disability, healthcare, and paid time off. The submission shall include all plan documents that will describe benefits provided to employees at NSC including existing plans to which the Contractor becomes a sponsor at the beginning of the Base Term (with proposed changes to existing plans) as well as newly proposed plans.

The submission shall also include an “Employee Benefits Value Study” comparing the proposed benefits for non-bargaining unit Incumbent Employees and non-bargaining unit Non-Incumbent Employees using the NNSA Consolidated Employee Benefit Value Study methodologies and comparator companies, to be provided by the Contracting Officer, described in 4.1.5 below. Contracting Officer’s approval of the Contractor’s benefits program will be contingent on the net benefit value not exceeding the comparator group by more than five percent.

2.2.2 No later than 90 calendar days after the effective date of the Contract, the Contractor shall submit a plan with a timeline for implementing a Compensation system that meets the criteria defined **3.0 COMPENSATION** below.

2.3 Incumbent Employees Right of First Refusal

The Contractor shall use the Transition Term to make hiring decisions. The Contractor shall give a right of first refusal of employment for every position identified by the Contractor as necessary for completing the requirements of the Contract (other than positions occupied by Key Personnel and managers who directly reported to them) under this Contract to Incumbent Employees as defined in **1.0 DEFINITIONS** who meet the qualifications for a particular position. The Contractor shall provide a written offer of employment that identifies the individual's pay and a summary of the benefits package that will be available to the individual. Incumbent Employees offered the same position shall be provided their same base salary/pay rate in existence (provided by the incumbent Contractor) at the time the offer is made. Incumbent Employees offered a different position than the position they are performing at the time the offer is made shall be provided pay commensurate with the offered position. Such offers shall be provided to employees as soon as possible, however, no later than no later than 90 calendar days after the effective date of the Contract.

2.4 Personnel Appendix

The Personnel Appendix (Section J, Appendix G) sets forth certain Contractor Human Resources Management policies and related expenses that have cost implications under this Contract and are not covered explicitly in the Federal Acquisition Regulations (FAR) or Department of Energy Acquisition Regulations (DEAR) cost principles.

3.0 COMPENSATION

The Contractor shall recruit and retain a highly skilled, motivated, and experienced workforce in a cost effective manner capable of carrying out the technical and other requirements set forth elsewhere in this Statement of Work.

3.1 Total Compensation System

Consistent with the requirement in 2.2, Pay and Benefits, the Contractor shall establish a market based pay and benefit program. The objective is to provide a level of total compensation which, within available funds, attracts, motivates and retains a highly competent workforce and maintains a competitive position in the applicable labor markets.

The Contractor's total compensation system shall include the following components:

- (i) Philosophy and strategy for all pay delivery programs;
- (ii) System for establishing a job worth hierarchy;
- (iii) Method for relating internal job worth hierarchy to external market;
- (iv) System that includes a documented method and process for evaluating individual job performance and that bases individual and/or group compensation decisions on individual performance and Contractor performance as appropriate. In addition, the

system must show the link to the annual evaluation of Contractor performance for individual compensation actions as appropriate;

- (v) Method for planning and monitoring the expenditure of funds;
- (vi) System for internal controls and self-assessment; and
- (vii) System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be pro-rated according to the amount of time the employee spent performing work under this Contract.

The Contractor's Total Compensation System (e.g., to be set forth in Section J, Appendix G, Personnel Appendix), shall meet the tests of allowability in FAR 31.205-6 and DEAR 970.3102-05-6, be fully documented, be consistently applied, and be acceptable to the Contracting Officer. Costs incurred in implementing the Total Compensation System shall be approved by the Contracting Officer. Any changes to the Total Compensation System shall be submitted to the Contracting Officer 60 days prior to implementation. Changes that impact current or future costs shall be approved by the Contracting Officer prior to implementation.

3.2 Cash Compensation

The Contractor shall submit the following to the Contracting Officer.

- 3.2.1** Any proposed major compensation program design changes prior to implementation.
- 3.2.2** An Annual Compensation Increase Plan (CIP). The CIP shall be provided to the Contracting Officer on October 1 annually and shall include the following components and data:
 - (i) Comparison of average pay to market average pay;
 - (ii) Information regarding surveys used for comparison;
 - (iii) Aging factors used for escalating survey data and supporting information;
 - (iv) Projection of escalation in the market and supporting information;
 - (v) Information to support proposed structure adjustments, if any;
 - (vi) Analysis to support special adjustments;
 - (vii) Funding requests and supporting analysis for each pay structure to include breakouts of merit, promotions, variable pay, special adjustments, and structure movement;
 - (A) The proposed plan totals shall be expressed as a percentage of the payroll for the end of the previous plan year.

- (B) All pay actions granted under the CIP are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end.
- (C) Specific payroll groups (e.g., exempt, nonexempt) for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the Contracting Officer.
- (D) The Contracting Officer may unilaterally adjust the CIP amount after approval based on major changes in factors that significantly affect the plan amount (for example, in the event of a major reduction in force or significant ramp-up).
- (E) The Contractor is authorized to make minor shifts (up to 10%) in funds between payroll groups without prior Contracting Officer approval. The Contractor shall notify the Contracting Officer at the time funds are shifted.

(viii) A discussion of the impact of proposed CIP on the site budget; and

(ix) Discussion of relevant factors other than market average pay (e.g., turnover and offer-to-acceptance statistics, collective bargaining provisions, geographic considerations, total compensation).

3.2.3 When any Key Personnel Person is replaced, the compensation for the replacement shall be submitted for approval by the Contracting Officer. The top contractor official (i.e., Plant Manager or equivalent) salary actions including merit pay increases shall be submitted annually to the Contracting Officer for approval. The top contractor official's approved reimbursed base salary will serve as the maximum allowable salary reimbursement under the Contract. With these compensation actions, the Contractor shall provide supporting justification related to internal and external equity, individual performance and the Application for Contractor Compensation Approval Form (DOE 3220.5).

3.2.4 For any proposed establishment of an Incentive Compensation Plan (variable pay plan/pay-at-risk), documentation shall be provided to the Contracting Officer, no later than 60 days prior to proposed implementation. Such proposal must contain:

- (i) The design of the Incentive Compensation Plan, the funding methodology, and linkage to Contract performance measures;
- (ii) Requirement for approval of Incentive Compensation Plan design changes by the Contracting Officer prior to implementation;
- (iii) Requirement for an annual approval, prior to the performance period, of the total dollar amount of the pool, the eligible positions, and linkage to Contract performance goals;
- (iv) Requirement for policy that provides a specific passover rate, i.e., percent of participants who will not receive an incentive;

(v) Requirement for an annual summary report on distributions made under an Incentive Compensation Plan; and

(vi) For any Executive Incentive Plans, a requirement for pay at risk.

3.2.5 Assignments of individuals outside of their normal duty station for which the NNSA/DOE will reimburse all or some of their compensation or other expenses shall be approved by the Contracting Officer prior to beginning the assignment. Requests shall be submitted 30 days prior to the desired start date. The Contractor shall submit a report of all such assignments, to include the total cost of each assignment, reason for assignment, location, duration, and cost-share arrangement to the Contracting Officer by January 30 of each year unless otherwise specified.

3.2.6

3.2.7 The Contractor shall submit a severance plan within 60 days of the effective date of the base term, which must include the notification period, pay-in-lieu policy, and the severance schedule. Supporting documentation must include information regarding standards from nationally recognized sources and or comparator firms (including corporate parents).

Severance Pay is not payable to an employee under this Contract if the employee:

- (i) Voluntarily separates, resigns or retires from employment, except that in the event the Contractor conducts an NNSA approved voluntary separation program;
- (ii) Is offered employment with a successor/replacement Contractor;
- (iii) Is offered employment with a parent or affiliated company; and/or
- (iv) Is discharged for cause; or
- (v) Is currently in a Key Personnel position, or

Service Credit for purposes of determining severance pay does not include any period of prior service for which severance pay has been previously paid through a DOE cost-reimbursement contract.

3.3 Reports and Information: Compensation

The Contractor shall provide the Contracting Officer with the following reports and information with respect to pay and benefits provided under this Contract:

- (i) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure, showing actual against approved amounts, no later than 30 days after Compensation Increase Plan expenditures; and

- (ii) Other compensation reports as requested by the Contracting Officer.

4.0 BENEFITS

4.1 Assumption of Existing Pension and Benefit Plans and Establishment of New Pension and/or Benefit Plans

The Contractor will be required to become a sponsor of the existing pension and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the qualified status of those plans. The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

- 4.1.1** To the extent the Contractor seeks to establish new benefit plans or change existing benefit plans at the time of Contract transition, the Contractor shall provide justification to the Contracting Officer for all new benefit plans and for all changes to existing benefit plans, plan design, or funding methodology. Changes that increase costs must also include cost impact, and the basis of determining cost. The Contractor must obtain approval from the Contracting Officer prior to implementation of benefit plans that are either new or first time for the site, would have a significant impact to employees, or which may set a precedent for the DOE/NNSA contractor system.
- 4.1.2** Cost reimbursement for pension and other benefit programs sponsored by the Contractor for non-bargaining and bargaining unit employees will be based on the “Employee Benefits Value Study” and an “Employee Benefits Cost Survey Comparison” as described in 4.1.5.1 and 4.1.5.2 below.
- 4.1.3** The Contractor shall notify the Contracting Officer 60 days prior to terminating any benefit plan during the term of the Contract.
- 4.1.4** Service Credit for cost reimbursement for employee benefits to include PRB eligibility will be determined in accordance with NNSA Supplemental Directive NA SD O 350.1, M&O Contractor Service Credit Recognition.
- 4.1.5** Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall submit the studies required in paragraphs 4.1.5.1 and 4.1.5.2 below. In addition, the Contractor shall submit updated studies to the Contracting Officer for approval prior to the adoption of any change to a pension or other benefit plan that will increase costs.
 - 4.1.5.1** The NNSA Consolidated Employee Benefits Value Study for non-bargaining unit employees, must be completed every two years or as directed by the Contracting Officer. An Employee Benefits Value Study is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor to employees measured against the RV of benefit programs offered by comparator companies. The Contractor will use the comparator companies previously used in the last NNSA Consolidated Benefit Value Study. If any of the comparator companies no longer participate, the Contractor will recommend replacement

companies for approval by the Contracting Officer. The Contractor shall include major non-statutory benefit plans offered by the Contractor, including qualified defined benefit (DB) and defined contribution (DC) retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs in the Value Study. To the extent that the value studies do not address postretirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the postretirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

An Employee Benefits Value Study for bargaining unit employees must be completed 6 months prior to the end of the collective bargaining agreement. The Benefits Value Study for bargaining unit employees must include at least 15 comparator companies approved by the Contracting Officer. The Value Study must include major non-statutory benefit plans offered by the Contractor, including qualified DB & DC retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs. To the extent that the value study does not address post retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

- 4.1.5.2 When the average net benefit value for all employees (including different tiers of benefits or groups of employees) exceeds the comparator group average by more than five percent, the Contractor shall submit a corrective action plan to the Contracting Officer no later than 60 days after the Benefit Value Study is conducted.
- 4.1.5.3 An Employee Benefits Cost Study Comparison for non-bargaining and bargaining unit employees, must be completed annually. The cost Survey must use a professionally recognized measure approved by the Contracting Officer that analyzes the Contractor's employee benefits cost for employees on a per capita basis per full time equivalent employee and compares it with appropriate comparator data.
- 4.1.5.4 When the average of the Employee Benefits Cost Study total benefit per capita cost for each evaluated cohort exceeds the comparator group's per capita cost by more than five percent, the Contractor shall submit an analysis of the specific plan costs that are above the per capita cost range or total benefit cost as a percent of payroll and a corrective action plan to the Contracting Officer no later than 60 days after the Benefits Cost Study is conducted.
- 4.1.5.5 Within two years of Contracting Officer approval of the Contractor's corrective action plan for non-bargaining employees, or upon the next collective bargaining period for bargaining unit employees, the Contractor shall attempt to align employee benefit programs with the

benefit value and per capita cost range as approved by the Contracting Officer.

4.2 Reports and Information: Benefits

The Contractor shall provide to the Contracting Officer:

- (i) Annually, the Report of Contractor Expenditures for Employee Supplemental Compensation (DOE F 3220.8).
- (ii) Quarterly, input requested data into DOE's iBenefits management system.

4.3 Workers' Compensation

4.3.1 The Contractor, unless workers' compensation coverage is provided through a state funded arrangement or a corporate benefits program, shall submit to the Contracting Officer for approval all new workers' compensation policies and all initial proposals for self-insurance (Contractors shall provide copies to the Contracting Officer of all renewal policies for workers compensation).

4.3.2 Workers' compensation loss income benefit payments when supplemented by other programs (such as salary continuation, short term disability) are to be administered so that the total benefit payments from all sources shall not exceed 100% of employee's net pay.

4.4 Pension Plans

The Contractor will be required to become a sponsor of the existing pension plans and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the qualified status of those plans. The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

4.4.1 Any pension plan maintained by the Contractor, for which NNSA reimburses costs, shall be maintained as a separate pension plan distinct from any other pension plan which provides credit for service not performed under this Contract. Each Contractor pension plan shall be subjected to a limited-scope audit annually that satisfies the requirements of ERISA section 103, except that every third year the Contractor must conduct a full-scope audit satisfying ERISA section 103. Alternatively, the Contractor may conduct a full-scope audit satisfying ERISA section 103 annually. In all cases, the Contractor must submit the audit results to the Contracting Officer within 30 days from the completion of the audit. In years in which a limited scope audit is conducted, the Contractor must provide the Contracting Officer with a copy of the qualified trustee or custodian's certification regarding the investment information that provides the basis for the plan sponsor to satisfy reporting requirements under ERISA section 104.

4.4.2 The Contractor will be reimbursed for pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum required contribution under ERISA, as amended. If an additional pension contribution over and above the minimum required contribution would have the

effect of avoiding benefit restrictions to defined benefit plan participants, the Contractor shall notify the Contracting Officer at least sixty (60) days prior to the date a payment would be due. Reimbursement above the annual ERISA required minimum contribution will require prior approval of the Contracting Officer. The Contracting Officer will take into consideration all pre-funding balances and funding standard carryover balances when evaluating whether to approve reimbursement above the minimum required contribution. The timing and amount of contributions to the plan will be made to satisfy the Section 430 of the Internal Revenue Code and Section 302 of ERISA and avoiding any penalties associated with contributions made after a required installment date.

4.4.3 The Contractor shall obtain the advance written approval of the Contracting Officer for any pension plan changes that are not required by law and which may increase costs or liabilities. The Contractor shall submit the proposal at least 60 days prior to the effective date of the proposed changes. In addition any proposed special programs (including, but not limited to, plan-loan features, employee contribution refunds, or ancillary benefits) shall be submitted to the Contracting Officer for prior approval with an analysis of the impact of special programs on the actuarial accrued liabilities of the pension plan, and on relative benefit value, or cost per capita, if applicable. The analysis should also describe the potential impact on the plan's qualified status at present and the potential impact of the special programs on the qualified status through the duration of the Contract.

4.4.3.1 For proposed changes to DB and DC plans that are not mandated by law and which increase plan costs and/or liabilities, the Contractor shall provide the following to the Contracting Officer:

- (i) A clean copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout;
- (ii) An analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value and a cost study index;
- (iii) Except in circumstances where the Contracting Officer indicates that it is unnecessary, a legal explanation of the proposed changes from Contractor legal counsel for purposes of compliance with all legal requirements applicable to private sector DB pension plans;.
- (iv) The Summary Plan Description; and
- (v) Any such additional information as requested by the Contracting Officer.

4.4.3.2 When changes to DB and/or DC plans are required by law, or the changes do not increase costs or liabilities under the plan(s), the Contractor must provide a copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new

amendment indicated in redline/strikeout no later than 60 days before the new amendment is to take effect.

4.4.4 When operations at a designated NNSA facility are terminated and no further work is to occur under the prime Contract, the following apply.

4.4.4.1 No further benefits for service shall accrue.

4.4.4.2 The Contractor shall provide a determination statement in its settlement proposal, defining and identifying all liabilities and assets attributable to the NNSA Contract.

4.4.4.3 The Contractor shall base its DB pension liabilities attributable to NNSA Contract work on the market value of annuities or dispose of such liabilities through a competitive purchase of annuities. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan.

4.4.4.4 Assets shall be determined using the “accrual-basis market value” on the date of termination of operations.

4.4.4.5 NNSA and the Contractor shall establish an effective date for spinoff or plan termination. On the same day as the Contractor notifies the IRS of the spinoff or plan termination, all NNSA assets assigned to a spun-off or terminating plan shall be placed in a high-yield, fixed-income portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's “AA.”

4.4.5 Terminating Plans.

4.4.5.1 If the Contractor seeks to terminate any pension plan during the term of the Contract, the Contractor must obtain Contracting Officer approval for such termination. In addition, a Contractor proposal to terminate a pension plan must be provided to the Contracting Officer at least 60 days prior to the scheduled date of plan termination.

4.4.5.2 To the extent possible, the Contractor shall satisfy plan liabilities to plan participants by the purchase of annuities through competitive bidding on the open annuity market, or through lump sum payouts. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan. The Contractor shall apply the assumptions and termination procedures of the Pension Benefit Guaranty Corporation.

4.4.5.3 Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or reassignment shall accrue interest

from the effective date of termination or reassignment until the date of payment or transfer.

- 4.4.5.4 If ERISA or Internal Revenue Code (IRC) rules prevent a full transfer of excess NNSA reimbursed assets from the terminated plan, the Contractor shall pay any deficiency directly to NNSA according to a schedule of payments to be negotiated by the parties.
- 4.4.5.5 On the same day as the Contractor notifies the IRS of the plan termination, all NNSA assets will be placed in a low-risk liability matching portfolio until full disposition of the terminating plan's liabilities. The portfolio shall be rated no lower than Standard & Poor's "AA."
- 4.4.5.6 NNSA liability to a commingled pension plan shall not exceed that portion which corresponds to participants' service accrued for their work under an NNSA Contract. The NNSA shall have no other liability to the plan, to the plan sponsor, or to the plan participants.
- 4.4.5.7 After all liabilities of the plan are satisfied, the Contractor shall return to NNSA an amount equaling the asset reversion from the plan termination and any earnings which accrue on that amount because of a delay in the payment to NNSA. Such amount and such earnings shall be subject to NNSA audit. To affect the purposes of this paragraph, NNSA and the Contractor may stipulate to a schedule of payments.

4.4.6 Post Contract Responsibilities for Pension and Other Benefit Plans

- 4.4.6.1 If this Contract expires or terminates and NNSA has awarded a contract under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the pension or other benefit plans covering active or retired Contractor employees with respect to service, the Contractor shall cooperate and transfer to the new contractor its responsibility for sponsorship, management and administration of the plans consistent with direction from the Contracting Officer. If a comingled plan is involved, the Contractor shall:
 - (i) Spin off the NNSA portion of any comingled plan that provides benefits for employees working at the NNSA facility into a separate plan. The new plan shall provide benefits similar to those provided by the comingled plan and shall carry with it the NNSA assets on an accrual basis market value, including NNSA assets that have accrued in excess of NNSA liabilities.
 - (ii) Bargain in good faith with NNSA or the successor Contractor to determine the assumptions and methods for establishing the liabilities involved in a spinoff. NNSA and the Contractor(s) shall establish an effective date of spinoff. On the same day as the Contractor notifies the IRS of the spinoff, all NNSA assets

assigned to a spun-off plan shall be placed in a high-yield, fixed income portfolio until the successor trustee is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's "AA."

4.4.6.2 If this Contract expires or terminates and NNSA has not awarded a contract to a new contractor under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be "Contract Completion" for purposes of this paragraph), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination elsewhere in this Contract, the following actions shall occur regarding the Contractor's obligations regarding the Plans at the time of Contract Completion:

- (i) Subject to paragraph 4.4.7.2(ii) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.
- (ii) The parties shall exercise their best efforts to reach agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion. However, if the parties have not reached agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion, unless and until such agreement is reached, the Contractor shall comply with written direction from the Contracting Officer regarding the Contractor's responsibilities for continued provision of pension and welfare benefits under the Plans, including but not limited to continued sponsorship of the Plans, in accordance with applicable legal requirements. To the extent that the Contractor incurs costs in implementing direction from the Contracting Officer, the Contractor's costs will be reimbursed pursuant to applicable Contract provisions.

4.4.7 Reports and Information - Retirement Plans: For each DB and DC pension plan as applicable or portion of a pension plan for which NNSA reimburses costs, the Contractor shall provide the Contracting Officer with the following information within nine months of the last day of the current pension plan year except for the Pension Management Plan which must be submitted by January 30 of each year.

4.4.7.1 The annual actuarial valuation report for each NNSA-reimbursed pension plan. When a pension plan is commingled, the Contractor shall submit separate reports for NNSA's portion and the plan total.

- 4.4.7.2 Copies of IRS Forms 5500 with Schedules for each NNSA-funded pension plan, no later than that submitted to the IRS.
- 4.4.7.3 Copies of all forms in the 5300 series submitted to the IRS that document the establishment, amendment, termination, spin-off, or merger of a plan submitted to the IRS.
- 4.4.7.4 The annual Pension Management Plan as described below (**4.5 Pension Management Plan**) by January 30 of each year.

4.5 Pension Management Plan

- 4.5.1** The Contractor shall submit a plan for management and administration (Pension Management Plan) for each defined benefit pension plan (Plan) for which the Department has a continuing obligation to reimburse pension contributions that is consistent with the terms of this Contract.
- 4.5.2** The Pension Management Plan, shall be submitted annually on January 30, shall include:
 - 4.5.2.1 The Contractor's best estimate of the contributions which it will be legally obligated to make to the Plan(s), beginning with the required contributions for the current fiscal year, based on the latest actuarial valuation, and continuing for the following four fiscal years. This estimate will be based upon compliance with all applicable legal requirements relating to the determination of contributions and upon the assumptions set out in the Plan document(s). All contribution calculations should reflect payments made during DOE fiscal years, beginning October 1, through September 30, and the next succeeding six fiscal years. Please include a summary of the key actuarial assumptions used to determine the required contribution. All estimates must be based upon the most recently available asset information for the Plan. For example, for a Plan with a July 1 valuation date, project the July 1, value of assets for the current year to be used in the calculation from the actual January 1, value of assets from the same year.
 - 4.5.2.2 If the actuarial valuation submitted pursuant to the annual Pension Management Plan update indicates that the sponsor of the Plan must impose benefit restrictions, the Contractor shall provide the following information:
 - (i) The type of benefit restriction that will take place;
 - (ii) The number of Contractor employees that potentially could be impacted and the nature of the restriction (e.g., financial impact) by imposition of the required benefit restriction;
 - (iii) The amount of money that would need to be contributed to the Plan and the timing of such contribution to avoid legally required benefit restrictions; and

- (iv) A recommendation regarding whether the additional money should be contributed to the Plan and the rationale for the recommendation.

4.5.2.3 A detailed discussion of how the Contractor intends to manage the Plan(s) to maximize contribution predictability (i.e. forecasting accuracy) and to contain current and future costs, to include the rationale for selection of all Plan assumptions (i.e., actuarial experience studies) that determine the required contributions and which impact the level and predictability of required contributions. As part of the Contractor's plan to maximize contribution predictability, the Contractor may propose funding strategies other than ERISA minimums for NNSA's consideration and approval. The Contractor shall submit the following for NNSA to consider in deciding on the alternate funding strategy:

- (i) Identify whether the current year additional amount can be absorbed within the current operating budget;
- (ii) Discuss the integration of Plan's funding strategy and investment strategy taking into consideration the plan's demographic profile, liability duration, and impact of current year funding decisions on future year contribution requirements;
- (iii) Discuss the strategy for achieving fully funded status and protecting against erosion of the Plan's funded status;
- (iv) Discuss the strategy for specifically protecting any pension funding contributions reimbursed in excess of the minimum required contribution against the risk of significant loss;
- (v) Discuss whether the plan has a prefunding or funding standard carryover balance that could be used to improve the plan's AFTAP without requiring additional contributions. Provide a rationale regarding the recommended use of the available balance(s).

4.5.2.4 An assessment to evaluate the effectiveness of the Contractor's Plan(s) investment management/results. The assessment must include at a minimum: a review and analysis of Plan investment objectives and asset allocations; results of the most recent asset liability study and investment policy review; the strategies employed to achieve the Plan's investment objectives; and the methods used to monitor execution of those strategies and the achievement of the investment objectives. The Contractor shall also identify its plans, if any, for revising any aspect of its Pension Management Plan based on the results of the review.

Within thirty (30) days after the date of the submission, appropriate Contractor representatives will meet with the Contracting Officer and other DOE/NNSA representatives to discuss the Contractor's proposed Pension Management Plan. The Contractor must be prepared to discuss

any differences between the prior fiscal year's estimated pension contributions for future fiscal years and the most recent projected pension contributions for future fiscal years and the rationale for any such discrepancies. In addition, discrepancies between the actual contributions made for the most recent fiscal year preceding the meeting and the projected contributions for that fiscal year and the rationale for any such discrepancies, and funding strategies for the Plan will be discussed.

5.0 LABOR RELATIONS

- 5.1 The Contractor shall comply with the National Labor Relations Act, DEAR Subpart 970.2201, and all applicable Federal and State labor laws.
- 5.2 The Contractor shall obtain the Contracting Officer or designee(s) approval on the costs associated with the Contractor's economic bargaining objectives, prior to negotiation of any collective bargaining agreement (CBA), extension or revision thereto. During the collective bargaining process, the Contractor shall obtain Contracting Officer approval before proposing or agreeing to any collective bargaining proposal that exceed the economic parameters agreed to by NNSA and the Contractor before the commencement of bargaining. During the pendency of the CBA, the Contractor shall obtain approval of the Contracting Officer to changes in the CBA that would increase cost under the Contract or which could involve other items of special interest to the Government.
- 5.3 The Contractor shall provide an electronic copy of the bargaining agreement and the "Report of Settlement" to the Contracting Officer 30 days after formal ratification. The Contractor shall provide information requested by the Contracting Officer regarding ratified collective bargaining agreements to which the Contractor is a party. The Contractor shall enter information into the iBenefits system quarterly or upon Contracting Officer request.
- 5.4 The Contractor shall notify the Contracting Officer in a timely fashion of labor relations issues that may cause a significant impact to the workforce and/or impact the ability of the Contractor to perform the work under the Contract.
- 5.5 The Contractor shall immediately advise the Contracting Officer of the following:
 - 5.5.1 Possible strike situations or other actions affecting the continuity of operations including work stoppages and picketing;
 - 5.5.2 Formal action by the National Labor Relations Board (NLRB) including but not limited to issuance of a complaint against the Contractor. Copies of complaints, settlement agreements, judgments and any other documents issued in connection with Contractor actions with respect to labor practices shall be provided to the Contracting Officer;
 - 5.5.3 Recourse to procedures under the Labor-Management Relations Act of

1947 as amended or any other state law;

5.5.4 Any grievance scheduled for arbitration under any collective bargaining agreement that has the potential for significant economic or other impact as well as the decision of the arbitrator; and

5.5.5 Other significant issues that may involve review by other federal or state agencies.

6.0 WORKFORCE PLANNING

6.1 Workforce Planning - General

The Contractor shall annually analyze workforce requirements consistent with current mission requirements and future mission requirements identified to Contractor. The Contractor will describe in a written document how it will ensure it employs a sufficient number of employees who possess the appropriate skills to perform the current mission work and the anticipated, identified mission work. The description of how the Contractor will ensure it employs sufficient employees to perform the work may include a discussion of the following topics: future hiring needs in certain critical skill areas, recruitment and retention of individuals possessing certain critical skills and the impact of anticipated retirements/attrition. The document will also describe the amount and type of work the Contractor anticipates performing during the following calendar year pursuant to Work for Others. This analysis shall be provided to the Contractor no later than November 30th each year.

6.2 Reductions in Contractor Employment – Workforce Restructuring

6.2.1 Voluntary Separations: In order to minimize the number of involuntary separations and mitigate the impact on affected employees, the Contractor will consider in consultation with the Contracting Officer, the use of a Voluntary Separation Program (VSP) before consideration is given to conducting an Involuntary Separation Program (ISP) when workforce restructuring is necessary. The Contractor shall submit the VSP for approval by the Contracting Officer prior to implementation regardless of the number of employees involved. No reimbursement of costs associated with VSPs will be allowable if not approved by the Contracting Officer prior to implementation.

6.2.2 Involuntary Reductions in Contractor Employment

6.2.2.1 If the restructuring involves between 10-99 employees in a rolling twelve month period, the Contractor shall notify the Contracting Officer no later than 15 days in advance of the action.

6.2.2.2 For restructuring actions that involve separating between 50-99 employees, the Contractor shall prepare a specific workforce restructuring plan and submit the plan to the Contracting Officer for informational purposes. In addition, the Contractor shall perform an adverse impact analysis and provide a copy of the analysis to the NNSA

Field Counsel for any restructuring actions that involve 50 or more employees within a 12 month period.

If the restructuring may involve the separation of 100 or more employees within a 12-month period, the Contractor shall submit a specific workforce restructuring plan for approval by the Contracting Officer, to enable compliance with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 at a minimum, no later than 90 days in advance of the date the Contractor needs to begin notification to employees in accordance with the law and its attendant timeframes to effect the separations

6.2.2.3 All notifications to the NNSA must contain pertinent information such as reasons, costs, dates, and numbers of impacted employees.

6.2.2.4 The Contractor may submit a multi-year workforce restructuring plan for consideration and approval.

6.2.3 Any payment of benefits beyond those already approved in the Contract must be approved by the Administrator, NNSA, through the Contracting Officer.

SECTION J

APPENDIX B

AWARD FEE PLAN

[Note: To be inserted by the Contracting Officer after contract award.]

SECTION J

APPENDIX C

TRANSITION PLAN

Plan: [To be inserted by the Contracting Officer.]

Requirements: In accordance with Section F, *Deliverables During Transition*, the Contractor shall submit a Transition Plan for the Contracting Officer's approval on the effective date of the Contract. The Transition plan shall describe the process, details, and schedule for providing an orderly transition during the Contract's Transition Term stated in Section F, F-3 *Period of Performance*. The Transition Plan shall be in accordance with the guidance herein for all elements of Section J, Appendix A, *Statement of Work*.

The objectives of the Transition Plan are to:

- (i) Minimize the impacts on continuity of operations;
- (ii) Maintain communication with staff and affected communities;
- (iii) Identify key issues; and
- (iv) Overcome barriers to transition.

The Contractor is responsible for performing due diligence to ensure that all the transition activities are identified, negotiated, and completed during the Transition Term. The Contractor shall establish a transition management team capable of providing overall management and logistical support for all transition activities. The Contractor shall develop a resource-loaded project management schedule using software that is capable of integrating with the incumbents' and DOE/NNSA software. Milestones and measurable commitments will be included in the schedule. The Contractor shall regularly report status to DOE/NNSA at periodic meetings and through regular written reports. The Contractor may also be called upon periodically to brief the local communities.

The proposed transition activities and schedule will be finalized with the Contractor and approved by the Contracting Officer prior to commencement of the Transition Plan activities. A Transition Cost Estimate shall be provided in accordance with Section F, F-7, *Deliverables During Transition*. The Contractor shall invoice for reimbursement of Transition Plan costs in accordance with Section G, G-7, *Invoicing for Transition Costs*, paragraph (b). After completion of these activities and such other Transition Plan activities as may be planned by the Contractor and as authorized by the Contracting Officer, the Contractor shall advise the Contracting Officer that it is ready to assume full responsibility for the National Security Campus. Upon receipt of written notification from the Contracting Officer that the transition activities are considered complete, the Contractor shall assume full responsibility for the National Security Campus, effective 12:01 a.m. at the start of the Base Term of the Contract.

SECTION J

APPENDIX D

SENSITIVE FOREIGN NATIONS CONTROL

1. Pursuant to the Contract Section I Clause entitled “Sensitive Foreign Nations Controls,” “sensitive foreign nations” is one of the countries listed below:

Algeria	Armenia
Azerbaijan	Belarus
China (People's Republic of China)	Cuba
Georgia	Hong Kong
India	Iran
Iraq	Israel
Kazakhstan	Kyrgyzstan
Libya	Moldova
North Korea (Democratic People's Republic of)	Pakistan
Russia	Sudan
Syria	Taiwan
Tajikistan	Turkmenistan
Ukraine	Uzbekistan

2. Due to the dynamic nature of world events, other countries may, at any time, become sensitive. Therefore, caution should be exercised with citizens of countries not listed above to assure that sensitive information, although unclassified in nature, is not inadvertently disclosed. This would include nuclear and other U.S. technology and economic information. The Contracting Officer may (i) update the above list by providing the Contractor a periodic written notice or (ii) update the above list via a unilaterally Contract modification.

3. The Contract’s Appendix K “List of Applicable Directives”, DOE Order 142.3A “UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS PROGRAM” contains definitions associated with DOE’s Unclassified Foreign Visits and Assignments Program.

SECTION J

APPENDIX E

PERFORMANCE GUARANTEE AGREEMENT(S)

[Note: To be inserted by the Contracting Officer prior to contract award. For Performance Guarantee Agreement(s) template, see Section L, Attachment A.]

SECTION J

APPENDIX F

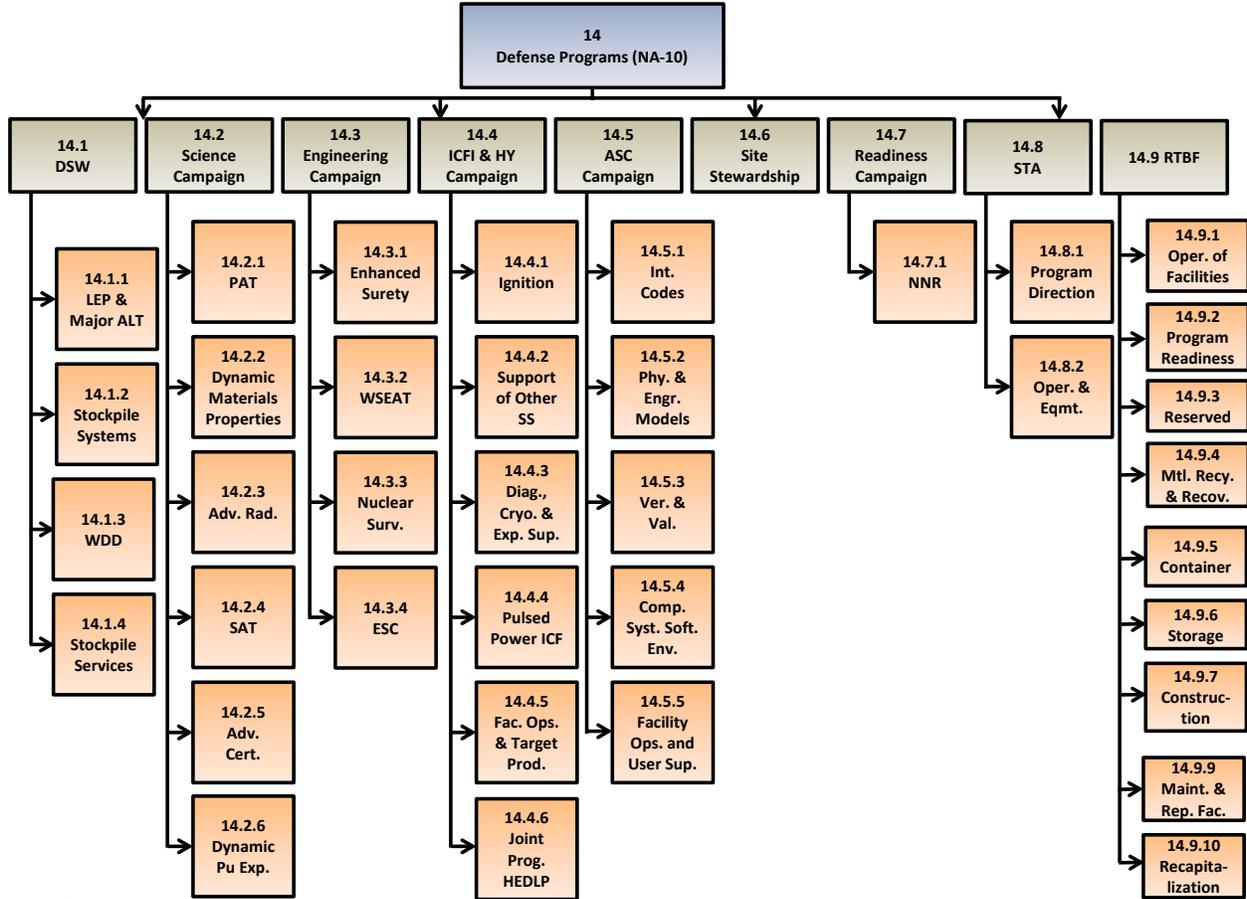
NATIONAL WORK BREAKDOWN STRUCTURE

The Department of Energy, National Nuclear Security Administration (DOE/NNSA), Office of Defense Programs, manages a large, complex, and diverse portfolio of weapons activities. To help facilitate and integrate the management of this portfolio, the Office of Defense Programs established a National Work Breakdown Structure (NWBS).

The NWBS provides a consistent framework for planning, programming, budgeting, and evaluation of work required to execute the Defense Programs mission. Over time, the NWBS is anticipated to be expanded to all NNSA and DOE program activities. The NWBS is contained in a relational database that serves as an easy-to-use tool for DOE/NNSA Federal Program Managers and Management and Operating (M&O) contractors to input, analyze, and report budget formulation data using the NWBS structure. The NWBS database provides linkages across programs, ties to products, requirement sources, and Integrated Priority Lists (IPLs).

Where it applies and consistent with instructions from the Contracting Officer where it does not, the Contractor shall be required to support preparation and maintenance of activity data sheets that form the foundation of the NWBS database. These activity data sheets capture information across the DOE/NNSA Defense Programs mission. Activity data sheets are populated at the lowest level of each NWBS element. In general, NWBS elements do not change from year-to-year, but an activity described in an activity data sheet may vary year-to-year. Each activity must identify one or more products and/or cross-cutting elements (i.e., capabilities) linked to the activity being performed. A product is a tangible output (e.g., system, component, material, etc.). A cross-cutting element or capability represents work that either supports development of a specific product or sustains a process that supports delivery of future products, therefore enabling Defense Programs to meet future mission needs. There are four general types of cross-cutting elements or capabilities: integrative (e.g., military liaison), analytical (e.g., systems analysis), process (e.g., test and evaluation), or project management.

The Defense Programs portfolio is structured into a variety of programs that work collectively to support the DOE/NNSA mission of stockpile stewardship. The programs include: a) Directed Stockpile Work (DSW); b) Campaigns: Engineering, Science, Inertial Confinement Fusion Ignition and High Yield (ICFI & HY), Advanced Simulation and Computing, and Readiness; c) Secure Transportation Asset (STA); and d) Readiness in Technical Base and Facilities (RTBF). A sample of the DOE/NNSA Defense Programs NWBS is shown below.



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SECTION J

APPENDIX G

PERSONNEL APPENDIX

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1.0 Introduction

The Contract TBD, Federal Acquisition Regulation (FAR) Part 31, Department of Energy Acquisition Regulation (DEAR) Part 931 and DEAR 970.30 govern the allowability of personnel and other related costs incurred pursuant to the Contract. This Appendix sets forth personnel and other related policies that have cost implications under this Contract and are not covered explicitly in FAR or DEAR cost principles. This Appendix identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of Contract work. The Contractor shall seek Contracting Officer approval prior to incurring costs not specifically identified as allowable in this Contract. The Contractor shall identify and treat all unallowable costs and directly associated unallowable costs in accordance with the criteria set forth in FAR 52.230-2, *Cost Accounting Standards*, including but not limited to placing unallowable costs in appropriate allocation bases.

The Contractor shall obtain prior Contracting Officer approval of changes within the scope of the Personnel Appendix when such changes are expected to increase costs to the Government. In situations where changes may set a precedent among the Department of Energy/National Nuclear Security Administration (DOE/NNSA) Contractors, the Contractor shall consult with the Contracting Officer regarding program cost reimbursement prior to implementation, even if there is no expected increase in cost. This requirement is not intended to prohibit the Contractor from taking advantage of efficiency gains realized from new and innovative approaches in providing Human Resource services.

The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded. In addition, the Contractor shall ensure that, cost items which require prior approval of the NNSA Contractor Officer or designated representative are reviewed and approved prior to incurrence of costs.

Either party may request revisions to this Appendix and both the parties agree to give consideration in good faith to any such request. When revisions to this Appendix are made, a contract modification shall be executed to effect the changes.

This Appendix is for the exclusive benefit and convenience of the parties hereto. Nothing contained herein shall be construed as granting, vesting, creating, or conferring any right of action or any other right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

2.0 Definitions

The following terms as used in this Appendix have the meaning defined herein.

Additional definitions shall be added at a later date.

Compensation Increase Plan (CIP): A plan for established need and specifying distribution of maximum dollar amounts and/or percentage of base payroll on an annualized basis, to be allocated to employee groups for base pay increases or lump sum payments during a pay year. The amounts approved are for granting merit, Promotion, Adjustment, and Reclassification increases.

Exempt Employee: Employees who are not eligible for overtime pay because they are executive, administrative or professional employees and meet other applicable criteria under the Fair Labor Standards Act (FLSA) and FLSA implementing regulations.

Variable Pay: A lump-sum, non-base cash payment separate from base salary.

3.0 Compensation

The Compensation System program costs directly attributable to compensation provided to Contractor employees will be allowable under this Appendix G. Section 3.0, Compensation, does not apply to bargaining unit employees. Section 4.0 sets forth allowable costs associated with bargaining unit employees.

3.1 VARIABLE PAY

1. Variable pay is reimbursable as outlined in the annual Compensation Increase Plan (CIP) and allows the company to maintain a competitive position in the external market to attract, retain, and motivate top talent.
2. Non-base payments determined concurrently with salary increases and certain non-base awards may be granted throughout the year. These awards are funded from the total non-base budget. The Contractor shall develop a plan for non-base bonuses and submit to the Contracting Officer for approval.

3.2 OVERTIME

1. *Annual Budget for Overtime*: The Contractor shall maintain adequate internal controls to ensure that employee overtime is authorized only if cost effective and necessary to ensure performance of work under this Contract. The Contractor shall submit to the Contracting Officer overtime utilization reports no later than one month after the end of each quarter (end of quarter = March 31, June 30, September 30 and December 31). If the report indicates that overtime comprised 4% or more of the overall payroll, the Contracting Officer

may request that the Contractor submit a plan to lower the overall usage overtime rate as a percentage of payroll for the quarter following the quarter in which overtime exceeded 4% of total payroll.

2. *Extended Workweek and Flextime*: When deemed essential to the performance of work under this Contract, the Contractor may establish an extended workweek. Extended workweeks apply to Exempt Employees and shall require the appropriate approval and timely notification to the Contracting Officer. This will be reimbursed in accordance with the Extended Workweek and Flextime Plan approved by the Contracting Officer.

3. All other overtime is paid in accordance with the Fair Labor Standards Act.

3.3 SHIFT DIFFERENTIAL

Shift differentials may be paid to eligible employees. Shift differential rates shall be based on surveys of shift differential practices and shall be approved by the Contracting Officer prior to implementation.

3.4 CALL-IN ALLOWANCE

Call-in allowances may be paid to employees and reimbursed in accordance with the Call-In Allowance Plan approved by the CO.

3.5 SPECIAL ALLOWANCES

Special salary allowances may be paid to employees for certifications and/or qualifications and in specific work environments, and reimbursed in accordance with the Special Allowance Plan approved by the Contracting Officer.

3.6 APPROVAL OF INDIVIDUAL COMPENSATION ACTIONS IN EXCESS OF SALARY RANGE

The Contractor shall obtain DOE/NNSA approval for any proposed salary amount paid an employee in excess of the salary range prior to payment.

3.7 PAY IN LIEU OF NOTICE

In the event the Contractor allows an Exempt Employee to resign because the services of such Employee cannot be productively utilized during the period of notice or if his/her presence at the work site during the notice period is not desired, the Contractor may pay the employee at his/her base pay for two (2) weeks in lieu of continuing the employee's employment for two weeks. However, such payment shall be approved in advance by the Contracting Officer.

3.8 SEVERANCE PAY

Severance schedule to be included here upon approval by Contracting Officer as required in Section J Appendix A, *Statement of Work*, Chapter III Section 3.0, Compensation, Section 3.2.7.

4.0 Labor Relations – Collective Bargaining Agreements

Costs of wages and fringe benefits to employees represented by collective bargaining units and all other costs and expenses incurred pursuant to the provisions of collective bargaining agreements and revisions thereto are allowable costs provided the Contractor adheres to requirements provided in Section J Appendix A, *Statement of Work*, Chapter III Section 5.0, Labor Relations.

The incumbent contractor is a party to collective bargaining agreements with the following titles as of the date of issuance of the RFP:

- International Association of Machinists and Aerospace Workers, Local Lodge No. 778
- The International Union, Security, Police and Fire Professionals of America and its Amalgamated Local No. 251

Expenses associated with employee representation activities that are not prohibited by Section 302 of the Labor Management Relations Act, 29 U.S.C. § 186, or any other applicable law, are allowable costs.

5.0 Group Insurance and Legally Required Payments

5.1 GENERAL PROVISIONS

1. Costs incurred in implementing, administering, and funding comprehensive DOE/NNSA approved group insurance plans are allowable. Administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits.
2. Annual renewal of the group insurance policies, certificates and accounts, cost-sharing arrangements, renewal of group services agreements establishing new premium rates and the implementation of changes of minor significance does not require Contracting Officer approval.
3. The Contractor is responsible for administrative functions related to medical insurance for retirees or their surviving spouses or dependents formerly administered by the Bendix Field Engineering Corporation at the Grand Junction, Colorado facility under Contract No. DE-AC07- 76GJ01664.

4. The Contractor is responsible for administrative functions related to medical insurance for retirees or their surviving spouses or dependents covered by Kansas City Division Hourly employees Pension Plan Provisions Applicable to Employees Represented by the Hotel Employees, Restaurant Employees, Local No. 64, AFL-CIO. Premium charges minus participant contributions for such insurance are allowable.

The health and welfare plans for the non-bargaining active Employees and retirees will be listed here:

[PLACEHOLDER]

5.2 DISPLACED WORKERS MEDICAL BENEFITS PROGRAM (DWMBP)

The Contractor may provide Displaced Workers Medical Benefits to displaced workers if provision of such benefit is set forth in the Contractor's workforce restructuring plan that is approved by DOE/NNSA (see Section J, Appendix A, 6.2).

Benefits under the DWMBP are available to displaced workers who are not eligible for health insurance coverage under another plan, e.g., another employer's health plan, the Contractor's retiree medical plan, a spouse's medical plan or Medicare. Generally, DWMBP benefits are as follows (note: NNSA may approve Contractor workforce restructuring plans that include less years of coverage):

1. For the first 12-month period after the termination date, the Contractor shall continue to pay the employer portion of the medical premium and the separated employee will pay a premium equal to the monthly premium paid by active employees for the type and level of coverage the separated Employee has at the termination Date.
2. Beginning in the second year after the termination date, the separated employee will be responsible for one-half of the full Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rate for this coverage and the Contractor shall pay the remainder.
3. Beginning in the third and final year of the DWMBP, the separated employee will be responsible for paying the full COBRA. At the end of the third year the employee's coverage eligibility ends.

6.0 Retirement Plans

The Contractor shall administer the following plans with the following titles as of the date of issuance of the RFP:

- Honeywell Retirement Earnings Plan for Aerospace Employees at the Kansas City Division;
- Supplemental Agreement between Honeywell International, Inc., FM&T on behalf of its Kansas City Division Hourly Employees Pension Plan Provisions by IAM Local Lodge No. 778;
- Supplemental Agreement between AlliedSignal Inc., Kansas City Division and the Hotel Employees, Restaurant Employees, Local No. 64, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) Regarding Retirement and Pensions, Effective as of December 22, 1997, and
- Honeywell Savings and Ownership Plan.

6.1 GENERAL PROVISIONS

Reasonable costs involved in implementing, administering, and funding DOE/NNSA approved pension plans are allowable. Reasonable administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits. In addition, only compensation reimbursed by DOE/NNSA under the Contract is authorized to be considered as pensionable earnings for purposes of the qualified and non-qualified plans.

The Contractor is responsible for the administrative functions related to retirement benefits for retirees and their eligible surviving spouses or dependents formerly administered by the Bendix Field Engineering Corporation at the Grand Junction, Colorado facility under Contract No. DE-AC07-76GJ01664.

6.1.1 Qualified Defined Contribution Plan

Contractor funds contributed on behalf of participating employees, who cancel their participation in the plan or whose employment is terminated, which are not vested pursuant to the provisions of the plan, shall be used to offset the Contractor's contributions obligated to be made on behalf of other participants in the plan or to offset reasonable plan expenses if permitted by the plan. In the event this Contract with the Contractor is terminated, funds not committed to participants pursuant to provisions of the plans in effect at the Kansas City Plant shall be returned to DOE/NNSA.

7.0 Paid Time Off

The Contractor shall submit a plan for Paid Time Off programs. Paid time off programs are considered to be one of the benefit plans that must be submitted pursuant to as required in Section J Appendix A, *Statement of Work*, Chapter III Section 2.2.1.

7.1 SERVICE CREDIT AND LEAVE BALANCES

The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

7.2 MILITARY LEAVE OF ABSENCE

The Contractor shall submit a plan for a Military Leave of Absence for training that is consistent with the provisions established in 5 U.S.C. 6323. The Contractor shall submit a plan for active duty military leave that, at minimum, complies with all applicable provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Such plan shall be subject to Contracting Officer approval if it provides more benefits than are required by law.

7.3 SECURITY LEAVE (SUSPENSION OF ACCESS AUTHORIZATION)

1. If the access authorization of an employee is suspended by direction of the Contracting Officer, the Contractor shall transfer the employee to work not requiring access authorization if such work is available, without reducing the employee's base compensation. If the Contractor determines that no work is available in an uncleared area to which the employee may be transferred, the Contractor may prepare a written report, for the review and concurrence of the Contracting Officer that sets forth the reasons for the determination.
2. Subject to the Contracting Officer's concurrence that no such work is available, the Contractor may place the employee on leave with pay at his/her base compensation. If an employee who is continuing to receive compensation, files a timely request for hearing pursuant to 10 CFR Part 710, such base compensation shall be continued until the Contractor receives notification in writing from the Contracting Officer of the Hearing Officer's recommendation.
 - a. If the recommendation of the Hearing Officer is for revocation of access authorization, the Contractor may compensate the employee as set forth herein.
 - 1) In the event the employee was transferred to another position where such access authorization is not required, compensation may, thereafter, be the base compensation applicable to the new position, and such compensation shall continue until final disposition of the

case under DOE procedures as set forth in 10 CFR Part 710.

- 2) In the event a job transfer was not arranged (i.e., the employee was placed on a leave with pay), the employee shall be placed on leave without pay effective the date the Contractor received written notification of the Hearing Officer's recommendation. The employee shall remain on leave without pay until final disposition of the matter.
- 3) If at any stage of the access authorization procedure following a suspension or at the conclusion of the administrative review process provided under 10 CFR Part 710, the employee's access authorization is reinstated by the Contracting Officer, the Contractor will offer the employee reinstatement in the same or a comparable position to the one held prior to suspension, if available. The employee may be reimbursed for the difference between the employee's base wage or salary and actual earnings, including earnings from other employment, during the period of suspension.
- 4) If the recommendation of the Hearing Officer is to continue the administrative review process for revocation of access authorization, the employee's base compensation may be continued until a final decision is rendered by the Assistant Secretary for Defense Programs.

8.0 Training and Education

The training and education shall be directly related to the employee's current position or to another position to which the employee may reasonably be moved.

The Contractor shall establish written procedures outlining a system of approval for all requests for training and education. Such system shall provide an approval structure for in-house and outside training programs and educational assistance. Local colleges and universities will be utilized as primary sources.

8.1 TRAINING

1. Internal Training Programs - Internal training programs may include but are not limited to orientation, job training, supervisory training, and executive development. Such training programs may be conducted during employee's workday or after hours. Reasonable costs of in-house training including necessary equipment, materials, and instructor personnel are allowable.
2. External Training Programs - Employees may be selected by the Contractor to participate in job related training courses, technical meetings, professional society meetings, seminars, conferences, and other specialized training courses away from the site(s) facilities. Allowable costs for such training courses may include employee's regular pay, travel and subsistence expenses,

and the cost of tuition, fees, and course materials. Business travel and conference management shall be managed in accordance with the DOE/NNSA conference management requirements.

8.2 EDUCATION PROGRAM

The Contractor shall submit a plan for education programs for approval by the Contracting Officer.

9.0 Travel, Relocation, and Subsistence

The Contractor may pay transportation, lodging, meals, and incidental expenses for employees required to travel in conjunction with the performance of work under this Contract. Travel costs shall be allowable to the extent they are incurred in accordance with the FAR, DEAR, and Federal Travel Regulations (FTR) and do not exceed the maximum per diem rates in effect at the time of travel set forth in the FTR, prescribed by the General Services Administration.

The Contractor may deviate from this Appendix in specific instances where it is determined and approved by the Contracting Officer to be economically advantageous to DOE/NNSA and to the extent such deviations conform to regulations and law.

Relocation expenses shall be incurred in accordance with the provisions, limitations and exclusions of FAR. Relocation provisions are applicable to Exempt Employees and are allowable and will be reimbursed in accordance with the Federal Travel Regulation.

10.0 Recruiting

The costs of recruitment of personnel including cooperative education programs, summer internship programs, nominal costs for promotional items for recruitment purposes, employment advertising, services of staffing sourcing vendors, services of employment agencies at rates not in excess of standard commercial rates, participation in corporate recruiting activities, campus recruiting, career fairs, and operation of recruiting stations are allowable.

Applicants who are requested by the Contractor to report for a pre-employment interview shall be allowed transportation expenses. Reasonable actual costs of lodging not to exceed per diem and meals and incidental expenses (M&IE) shall be allowed.

11. Special Employee Activities

11.1 RECREATION AND MORALE BUILDING BENEFITS

A recreation and morale building program may be proposed by the Contractor for Contracting Officer approval.

11.2 EMPLOYEE RECOGNITION PROGRAMS

An employee recognition program may be proposed by the Contractor for Contracting Officer approval.

12. Community Outreach

The Contractor may authorize employees to participate in educational and community outreach in accordance with their Community Outreach Plan approved by the Contracting Officer. The salaries, wages, and fringe benefits of employees while engaged in such approved activities will be treated as allowable costs. Educational and community outreach does not include activities conducted by elected and officially appointed officials that take place during an employee's regularly scheduled work day. Hours associated with educational and community outreach outside of the employee's normal work schedule shall not be compensated by the Contractor. The Contractor shall submit a report annually, no later than November 1, to the Contracting Officer on the types of usage and number of hours authorized. Some examples of permissible educational and community outreach include, but are not limited to:

- Promotion of Science, Technology, Engineering, and Mathematics in the educational setting (elementary school through higher education institutions)
- Science Bowl and Science Fairs
- Blood bank drives
- Charity drives
- United Way campaigns

13. Special Contractor Mission Assignments

13.1 HUMAN RESOURCES NONNUCLEAR RECONFIGURATION PROVISIONS

The provisions of this Section shall apply to employees transferred to the employment of the Contractor from DOE Contractors at Mound, Pinellas, and Rocky Flats (Donors) in accordance with the Nonnuclear Reconfiguration Implementation Plans.

1. Service Credit

A transferred employee will be granted full service credit based on the employee's continuous length of service as credited with the Donor and with the Contractor.

2. Retirement, Thrift, and Savings Plans

A transferred employee shall be granted full service credit based on the employee's combined length of service with the Donor and with the Contractor for determining vesting, participation, and eligibility service in retirement and savings plans.

Any increase in cash contribution requirements to fund plan benefits that arise as a result of this service credit provision shall be an allowable cost under this contract.

SECTION J

APPENDIX H

KEY PERSONNEL

[Note: To be inserted by the Contracting Officer after contract award.]

SECTION J

APPENDIX I

SMALL BUSINESS SUBCONTRACTING PLAN

[Note: To be inserted by the Contracting Officer prior to contract award.]

SECTION J

APPENDIX J

DIVERSITY PLAN GUIDANCE

In accordance with Section I clause DEAR 970.5226-1, *Diversity Plan*, this Appendix provides guidance to assist the Contractor in understanding the information being sought by the Department of Energy, National Nuclear Security Administration (DOE/NNSA) for each of the diversity elements within the clause. The Contractor shall submit a Diversity Plan to the Contracting Officer for approval within 90 days after the effective date of this Contract and shall submit an update to its Plan annually.

Where the following elements are already addressed by the Contractor as an Appendix to the Contract or in a current Contractor policy or procedure, the Contractor need only cross-reference the applicable Contract appendix or provide a copy of the policy or procedure to the Contracting Officer. The Contractor must address the elements below in their Diversity Plan:

(a) Work Force

This Contract includes clauses on Equal Employment Opportunity (EEO) and Affirmative Action (AA). The Plan or policy shall address how the Contractor has or plans to establish and maintain result-oriented AA and EEO programs in accordance with the requirements of these clauses, and how the Contractor's organization includes, or plans to include, elements/dimensions of diversity that might enhance such programs.

(b) Educational Outreach

The Plan or policy shall address the Contractor's strategies to foster relationships and to improve their employment skills and opportunities with Minority Educational Institutions and other institutions of higher learning (e.g., Historically Black Colleges and Universities, Hispanic serving institutions, and Native American institutions). The Contractor's Plan may also discuss cooperative programs, which encourage under represented students to pursue science, engineering, and technology careers.

(c) Community Involvement and Outreach

The Plan or policy shall address the Contractor's community involvement and outreach activities in support of the local community.

(d) Subcontracting

The Plan shall address outreach activities and achievements for enhancing subcontracting opportunities for small businesses, small disadvantaged businesses (e.g., small businesses owned and controlled by socially and economically disadvantaged individuals, tribes, Alaska Native Corporations, Native Hawaiian Organizations, or Community

Development Corporations), small business firms located in historically underutilized business zones, woman-owned small businesses, and veteran-owned (including service-disabled veteran-owned) small businesses. The Plan may also discuss actual or planned participation in the Department's Mentor-Protégé Program. Refer to Section I clause FAR 52.219-9, *Small Business Subcontracting Plan, Alternate II* and other small business related clauses for additional guidance and requirements.

(e) Economic Development including Technology Transfer

The Plan shall address the Contractor's outreach efforts that relate to small business concerns for the purpose of assisting the economic development of, or transferring technology to such a business.

(f) Prevention of Profiling Based On Race Or National Origin

The Plan shall address the Contractor's approach to preventing prohibited profiling practices, including strategies for early detection of potential profiling in the Contractor's business activities. The Plan shall also address the following:

- (1) The procedures intended to expedite timely resolution of adverse actions;
- (2) Methodologies for benchmarking, sharing best practices or lessons learned in the prevention of prohibited profiling.
- (3) Provide informational or educational programs that ensure managers and employees understand these issues;
- (4) Provide employees with avenues for raising issues or concerns about profiling;
- (5) Review administrative processes that may impact achievement of a truly diverse work force and work place; and
- (6) Hold management and leadership responsible and accountable for performance under the diversity plan.

SECTION J**APPENDIX K****LIST OF APPLICABLE DIRECTIVES**

Directive	Directive Title
10 CFR 824, Current Rule	Procedural Rules for the Assessment of Civil Penalties for Classified Information Security Violations
10 CFR 830 - Current Rule	Nuclear Safety Management
10 CFR 851 - Current Rule	Worker Safety and Health Program
ANSI B30.11	Monorails and Underhung Hoists
ANSI N323A	Radiation Protection Instrumentation Test and Calibration Portable Survey Instrumentation, 1997
ANSI N43.2	Radiation Safety for X-Ray Diffraction and Fluorescence Analysis Equipment
ANSI N43.3	American National Standard for General Radiation Safety - Installations Using Non-Medical X-Ray and Sealed Gamma-Ray Sources, Energies up to 10 MeV
Disposition and Long-Term Stewardship Site Standard Dated 2/5/2010	Disposition and Long-Term Stewardship Site Standard Dated 2/5/2010
DOE Accounting Handbook	DOE Accounting Handbook (chapters) 1 Accounting Overview (revised 4/27/07) 4 Accounting Systems and Organization (revised 9/9/98) 5 Accounting for Obligations (revised 7/18/07) 6 Cash (revised 9/30/08) 7 Advances, Prepaid Expenses, and Other Assets (revised 4/17/07) 8 Receivables (revised 12/10/04) 9 Accounting for Inventory and Related Property (revised 4/16/07) 10 Property, Plant and Equipment (revised 4/30/09) 11 Liabilities (revised 3/6/07) 12 Inter-Entity Transactions (revised 9/7/06) 13 Reimbursable Work, Revenues and Other Collections (revised 3/15/2011) 15 Cost Accounting ((Original Issue) 16 Payroll Accounting (revised 9/2/08) 17 Transportation (revised 1/13/05) 21 Financial Close-out (revised 7/17/07)
DOE Annual Budget Call	DOE Annual Budget Call
DOE M 435.1-1, Chapter IV, para I & J	Radioactive Waste Management Manual
DOE M 481.1-1A, Chg 1	Reimbursable Work For Non-Federal Sponsors Process Manual
DOE M 483.1-1	DOE Cooperative Research & Development Agreements Manual
DOE O 130.1	Budget Formulation
DOE O 142.3A	Unclassified Foreign Visits and Assignments Program

DOE O 221.1	Reporting Fraud, Waste and Abuse to the Office of Inspector General
NA SD O 350.1	Management and Operating Contractor Service Credit Recognition
DOE O 350.2B	Use of Management and Operating or Other Facility Management Contractor Employees for Services to the DOE in the Washington DC Area
NA SD O 350.2 Rev 1	Use of Management and Operating Contractor Employees for Services to the National Nuclear Security Administration in the Washington, D.C., Area
DOE O 412.1A	Work Authorization System
DOE O 414.1D, Attachment 3 Pages 1-2	Quality Assurance, Attachment 3, Pages 1-2, DOE-Wide Suspect/Counterfeit Item Prevention Process
DOE O 420.1C, Attachment 2, CRD, Chapter II, Fire Protection	Facility Safety, Attachment 2, Contractor Requirements Document, Chapter II, Fire Protection
DOE O 435.1 Chg 1	Radioactive Waste Management
DOE O 461.1B, Attachment 1	Packaging and Transfer for Offsite Shipment of Materials of National Security Interest Attachment 1
DOE O 475.1	Counterintelligence Program
DOE O 481.1C Admin Chg 1	Work for Others (Non Department of Energy Funded)
DOE O 483.1	DOE Cooperative Research & Development Agreements
DOE O 522.1	Pricing of Departmental Materials and Services
DOE O 534.1B	Accounting
DOE O 580.1A Chg 1	Department of Energy Personal Property Management Program
DOE's Voluntary Protection Program, Parts I-IV Part I, Program Elements, October 1994 Part II, Procedures Manual, April 1995 Part III, Application Guidelines, October 1994 Part IV, Onsite Review Handbook, July 1995	DOE's Voluntary Protection Program, Parts I-IV Part I, Program Elements, October 1994 Part II, Procedures Manual, April 1995 Part III, application Guidelines, October 1994 Part IV, Onsite Review Handbook, July 1995
Energy and Environmental Sustainability Site Standard Rev 1 January, 2012	Energy and Environmental Sustainability Site Standard Rev 1 January, 2012
FM&T Worker Safety & Health Program, current KCSO Approved Document	FM&T Worker Safety & Health Program, current KCSO Approved Document
Counterintelligence Roles and Responsibilities (CI R&R) dated May 12, 2012	Counterintelligence Roles and Responsibilities (CI R&R) dated May 12, 2012
International Building Code / Latest Standard as of Project Authorization	International Building Code / Latest Standard as of Project Authorization
ISO 14001:2004	Environmental Management Systems Specifications
ISO 17025:2000	Standards and Calibration
ISO 9001:2008	Quality Management System Requirements

Kansas City Plant Site-Specific Maintenance Standard, March 23, 2012	Kansas City Plant Site-Specific Maintenance Standard, March 23, 2012
Kansas City Plant Standard for Radiological Release for Unrestricted Use 3/8/2011	Kansas City Plant Standard for Radiological Release for Unrestricted Use 3/8/2011
Kansas City Plant Facilities Engineering Site-Specific Project Management Standard March 23, 2012	Kansas City Plant Facilities Engineering Site-Specific Project Management Standard March 23, 2012
KCP Site Security Standard, Rev 13	Kansas City Plant Site Security Standard, Rev 13
NA SD M 452.3-1	Defense Programs Business Requirements and Process Manual
NFPA 1600 (Sections 5.1 thru 5.7, 6.1 thru 6.11, 7.1 thru 7.5, 8.1 & 8.2)	Standard for Disaster Emergency Management, 2010 Edition
NFPA 704	Standard System for the Identification of the Hazards of Materials for Emergency Response, 2007 Edition Chapter 5 Health Hazards
Production Accounting Handbook, October 2001	Production Accounting Handbook, Albuquerque Financial Service Center, October 2001
QA-5	Quality Assurance Program, Issue G dated November 2010
NAP-24	NNSA Weapon Quality Policy, dated June 20, 2013
QP 100-1	Quality Plan No: 100-1 Date: March 1, 2013 Amendment No. 4
Weapons Quality Assurance Procedures Manual, March 30, 2009	Weapons Quality Assurance Procedures Manual, March 30, 2009

Directive Deliverables

Deliverables	Reference	Reference Title
Deliverable: Annual Site Environmental Summary	DOE O 231.1B Chg 1, Attachment 1, Item 1 & Attachment 2	Environmental, Safety & Health Reporting
Deliverable Occupational Safety & Health Information	DOE O 231.1B Chg 1, Attachment 1, Item 2a & Attachment 3, Items 1 & 2	Environmental, Safety & Health Reporting
Deliverable Annual Fire Protection Summary Information	DOE O 231.1B Chg 1, Attachment 1, Item 2b & Attachment 3, Item 3	Environmental, Safety & Health Reporting
Deliverable Ionizing Radiation Exposure Information	DOE O 231.1B Chg 1, Attachment 1, Item 3 & Attachment 4	Environmental, Safety & Health Reporting
Deliverable: Occurrence Reporting	DOE O 232.2 Attachment 1 Para 1	Occurrence Reporting and Processing of Operations Information
Deliverable Radioactive Sealed Sources Information	DOE O 231.1B Chg 1, Attachment 1, Item 4 & Attachment 5	Environmental, Safety & Health Reporting
Deliverable: Operational Emergency Events and Conditions Reporting	DOE O 151.1C, Chapter V	Comprehensive Emergency Management System - Operational Emergency Events and Conditions

Deliverable: Initial Emergency Notifications	DOE O 151.1C, Chapter VIII, para 4.a (1) a-c	Comprehensive Emergency Management System - Communications Requirements
Deliverable: Emergency Status Updates	DOE O 151.1C, Chapter VIII, para 4.b	Comprehensive Emergency Management System - Communications Requirements
Deliverable: Emergency Readiness Assurance Plans	DOE O 151.1C, Chapter X, para 4.a	Comprehensive Emergency Management System - Emergency Readiness Assurance Plans
Deliverable: Delivery of Annual Privacy Act Training	DOE O 206.1	Department of Energy Privacy Program
Deliverable: Scientific Technical Information (STI) Reporting	DOE O 241.1B	Scientific and Technical Information Management - Scientific Technical Information (STI) Products and Announcements (AN)
Deliverable: Submission of Form F1300.2	DOE O 252.1A, Admin Chg 1, Attachment 1, para 4	Technical Services Program, VCS activities only
Deliverable: Ten Year Site Plan	DOE O 430.1B, Attachment 2, para 1	Real Property Asset Management
Deliverable: Facilities Information Management System Reporting	DOE O 430.1B, Attachment 2, para 3	Real Property Asset Management
Deliverable: Real Estate Reports	DOE O 430.1B, Attachment 2, para 4.a	Real Property Asset Management
N/A	DOE O 442.2 Attachment 1	Differing Professional Opinions on HSE

(A) Implementation of applicable directives.

- (1) The Contractor shall submit an implementation plan to the Contracting Officer when required by the directive or other instruction of the Contracting Officer and within 60 days of the effective date of the Contract.
- (2) The Contracting Officer will approve or disapprove the plan and notify the Contractor of the decision. If the Contracting Officer disapproves the plan, he/she shall clearly identify all deficiencies and provide reasonable suggestions for making the plan acceptable. Within 30 days after notification of the disapproval of a plan, the Contractor shall submit to the Contracting Officer the revised plan for approval as described above.
- (3) During the process of implementation, the Contractor will notify the Contracting Officer if modifications to the plan are required for any reason. The Contracting Officer will consider all such requests and will not unreasonably withhold his/her approval to modify such plans when circumstances warrant modification.

SECTION J

APPENDIX L

PROGRAM MANAGEMENT AND COST REPORTS

The Contractor shall submit periodic cost, schedule, and technical performance plans and reports in such form and substance as required by the Contracting Officer. Reference Section J, Appendix A, Statement of Work, Chapter I, paragraph 3.3. Cost reports will include at a minimum:

1. Monthly general management reports to summarize schedule, labor and cost plans and status, and provide explanations of status from variance plans. Management reports should contain the performance measurement baseline and actual cost and must be compatible with format as required by DOE / NNSA reporting. The analysis of funds expenditure shall include a report of monthly and cumulative costs by performance element. The monthly reports provide information regarding budgeted costs versus actual costs, scheduled performance against milestones and estimated cost at completion. All reporting requirements shall be implemented where they apply and consistent with instructions from the Contracting Officer where they do not.
2. Annual cost reporting on mission direct and functional support activities. The contractor shall also provide monthly functional cost metric information as part of the DOE (STARS) accounting system.

The Contractor shall provide the Contracting Officer, or designated authorized representatives, access to information and documents comprising the Contractor's reporting system.

The Contractor shall include these reporting requirements in all subcontracts that are cost-reimbursement type contracts when:

1. The value of the subcontract is greater than \$2 million, unless specifically waived by the Contracting Officer, or
2. The Contracting Officer determines prior to award that the subcontract effort is, or involves, a critical task related to the Contract.

SECTION J

APPENDIX M

**SPECIAL FINANCIAL INSTITUTION AGREEMENT FOR USE WITH THE
PAYMENTS-CLEARED FINANCING ARRANGEMENT**

- Note: (1) The Contractor shall enter into a new banking agreement(s) during the Transition Term of the Contract, utilizing the format contained in this Appendix and include other applicable Contract terms and conditions.
- (2) Items in brackets [] below are provided for clarification and will be removed from the document prior to execution.

Agreement entered into this, _____ day of _____, 201__ [insert date], between the UNITED STATES OF AMERICA, represented by the U.S. Department of Energy (hereinafter referred to as "DOE"), and _____ [the Contractor], a corporation/legal entity existing under the laws of the State of _____ (hereinafter referred to as the Contractor), and _____ [the Financial Institution] a financial institution corporation existing under the laws of the State of _____, located at _____ (hereinafter referred to as the Institution).

RECITALS

1. On the effective date of _____, 201__ [insert date], DOE and the Contractor entered into Contract No. [insert Contract number], or Supplemental Agreement(s) thereto, providing for transfer of funds on a payment-cleared basis.
2. DOE requires that amounts transferred to the Contractor thereunder be deposited in a special demand deposit account at a financial institution covered by U.S. Department of the Treasury-approved Government deposit insurance organizations that are identified in ITFM 6-9000 (see Fig. IX-10). These special demand deposits must be kept separate from the Contractor's general or other funds and the parties are agreeable to so depositing said amounts with the Institution.
3. The special financial institution account shall be designated “_____ [name of Contractor], _____ [Contract Number], _____ [account title] Account.”

COVENANTS

In consideration of the foregoing, and for other good and valuable considerations, it is agreed that:

1. The Government shall have a title to the credit balance in said account to secure the repayment of all funds transferred to the Contractor, and said title shall be superior to any lien, title or claim of the Institution or others with respect to such accounts.
2. The Institution shall be bound by the provisions of said Agreement(s) between DOE and the Contractor relating to the transfer of funds into and withdrawal of funds from the above special demand deposit account, which are hereby incorporated into this Agreement by reference, but the Institution shall not be responsible for the application of funds withdrawn from said account. After receipt by the Institution of directions from DOE, the Institution shall act thereon and shall be under no liability to any party hereto for any action taken in accordance with the said written directions. Any written directions received by the Institution from the Government upon DOE stationery and purporting to be signed by, or signed at the written direction of, the Government may insofar as the rights, duties, and liabilities of the Institution are concerned, be considered as having been properly issued and filed with the Institution by DOE.
3. DOE, or its authorized representatives, shall have access to the financial records maintained by the Institution with respect to such special demand deposit account at all reasonable times and for all reasonable purposes, including, but without limitation to, the inspection or copying of such financial records and any or all memoranda, checks, payment requests, correspondence, or documents pertaining thereto. Such financial records shall be preserved by the Institution for a period of 6 years after the final payment under the Agreement.
4. In the event of the service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to the special demand deposit account, the Institution shall promptly notify DOE at:

Contracting Officer
U.S. Department of Energy/NNSA
Kansas City Field Office
14520 Botts Rd.
Kansas City, MO 64147
5. DOE shall authorize funds that shall remain available to the extent that obligations have been incurred in good faith thereunder by the Contractor to the Institution for the benefit of the special demand deposit account. The Institution agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the average daily balance in the special demand deposit account in a net positive and as close to zero as administratively possible.

(For compensation by direct payment of fee)

The Institution agrees to service the account in this manner based on the requirements and specifications contained in DOE or Contractor Solicitation No._____. The Institution agrees that per-item costs, detailed in the form “Schedule of Financial Institution Processing Charges,” contained in the Institution’s aforesaid bid will remain constant during the term of this Agreement. The Institution shall calculate the monthly fees based on services rendered and invoiced the Contractor. The Contractor shall issue a check or automated clearing house authorization transfer to the Institution in payment thereof.

Or

(For compensation by noninterest-bearing time deposit only)

The Institution agrees to service the account in this manner based on the requirements and specifications contained in DOE or Contractor Solicitation No._____, in consideration of the placement by DOE on a noninterest-bearing time deposit with the Institution in an amount agreed upon as shown on the form “Calculation of Time Account Balance Required” contained in the Institution’s bid dated _____, _____. The Institution agrees that per-item costs, detailed in the form “Schedule of Financial Institution Processing Charges,” contained in the Institution’s aforesaid bid will remain constant during the term of this Agreement. The Contractor shall withdraw \$_____ in funds from the special demand deposit account and use such funds to make a noninterest-bearing time deposit in a separate account in the Institution. This account will hereinafter be defined as the time deposit account. The funds in the time deposit account will remain on deposit and shall not be withdrawn or used for any purpose without the authorization of DOE. The amount of the deposit may be adjusted upward or downward, but only with the approval of DOE.

6. The Institution shall post collateral, acceptable under U.S. Department of the Treasury Department Circular 176, with the Federal Reserve Bank in an amount equal to the net balances in all of the accounts included in this Agreement (including the non interest-bearing time deposit account), less the U.S. Department of the Treasury-approved deposit insurance.
7. This Agreement, with all its provisions and covenants, shall be in effect for a term of ____ years, beginning on the ___ day of _____, 201__, and ending on the ___ day of _____, 201__. [Insert applicable dates]
8. DOE, the Contractor, or the Institution may terminate this Agreement at any time within the agreement period upon submitting written notification to the other parties 90 days prior to the desired termination date. The specific provisions for operating the account during this 90-day period are contained in Covenant 11.
9. DOE or the Contractor may terminate this Agreement at any time upon 30 day’s written notice to the Institution if DOE or the Contractor, or both parties, find that the Institution has failed to substantially perform its obligations under this Agreement or that the Institution is performing its obligations in a manner that precludes administering the program, in an

effective and efficient manner or that precludes the effective utilization of the Government's cash resources.

10. Notwithstanding the provisions of Covenants 8 and 9, in the event that the Agreement, referenced in Recital 1, between DOE and the Contractor is not renewed or is terminated, this Agreement between DOE, the Contractor, and the Institution shall be terminated automatically upon the delivery of written notice to the Institution.
11. In the event of termination, the Institution agrees to retain the Contractor's special demand deposit account for an additional 90-day period to allow for clearance of outstanding payment items. Within 7 days of the expiration of the Agreement term, an analysis of the special demand deposit account shall be made by DOE to determine whether an insufficient or excessive balance was maintained in the time deposit account to compensate the Institution for services rendered up to the expiration date.
 - (a) If the analysis indicates that the Institution has been insufficiently compensated for services rendered up to the expiration of the Agreement, the Contractor shall:
 1. Maintain on deposit, during this 90-day period, sufficient Federal funds to reimburse the Institution for prior cumulative loss of earnings, and
 2. Maintain on deposit in the time deposit account sufficient Federal funds to compensate the Institution for services rendered.
 - (b) If the analysis indicates that the Institution has been overcompensated for services rendered up to the expiration of the Agreement, DOE shall close out the time deposit account and secure from the Institution a payment in an amount equal to the cumulative excess compensation less compensation for estimated services to be rendered during the 90-day period.
 - (c) If cumulative excess compensation is not sufficient to compensate the Institution for services rendered during the 90-day period, adjustments shall be made to the time deposit account to compensate the Institution for the difference between the cost of services rendered during the 90-day period and the cumulative excess compensation.

This Agreement shall continue in effect for the 90-day additional period, with exception of the following:

1. Term Agreement (Covenant 7)
2. Termination of Agreement (Covenants 8 and 9)

All terms and conditions of the aforesaid bid submitted by the Institution that are not inconsistent with this 90-day additional term shall remain in effect for this period.

The Institution has submitted the forms entitled “Technical Representations and Certifications”, “Schedule of Financial Institution Processing Charges”, and “Calculation of Time Account Balance Required.” These forms have been accepted by the Contractor and the Government and are incorporated herein with the document entitled “Financial Institution’s Information on Payments Cleared Financing Arrangement,” as an integral part of this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement, which consists of ____ pages, including the signature pages, to be executed as of the day and year first above written.

THE UNITED STATES OF AMERICA

Date Signed

By _____
(Typed Name of Contracting Officer)

(Signature of Contracting Officer)

WITNESS

(Typed Name of Witness)

(Typed Name of Contractor)

(Signature of Witness)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

By _____
(Name of Contractor's Representative)

(Signature of Contractor's Representative)

(Title)

(Address)

(Date of Signed)

WITNESS

(Name of Witness)

By _____
(Name of Financial Institution)

(Name of Financial Institution Representative)

(Signature of Witness)

(Signature of Financial Institution Representative)

(Title)

(Title)

(Address)

(Date Signed)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

NOTE

The Contractor, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, _____, certify that I am the _____ of the corporation named as Contractor herein; that _____, who signed this Agreement on behalf of the Contractor, was then _____ of said corporation; and that said Agreement was duly signed for an in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Corporate Seal) (Signature)

NOTE

Financial Institution, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, _____, certify that I am the _____ of the corporation named as Financial Institution herein; that _____, who signed this Agreement on behalf of the Financial Institution, was then _____ of said corporation; and that said Agreement was duly signed for an in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Corporate Seal) (Signature)