

**PART II**

**SECTION H**

**CONTRACT CLAUSES**

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## **PART I**

### **SECTION H - SPECIAL CONTRACT REQUIREMENTS**

#### **H.1 - LABORATORY FACILITIES**

Laboratory Facilities. DOE agrees to furnish and make available to the Contractor, for its use in performing the work under this contract, the Laboratory facilities designated as follows:

- (a) The Government-owned or leased land, buildings, utilities, equipment and other facilities situated at the Ernest Orlando Lawrence Berkeley National Laboratory Site at Berkeley, Alameda County, California; and
- (b) Government-owned or leased facilities at such other locations as may be approved by DOE for use under this contract.

DOE reserves the right to make part of the above-mentioned land or facilities available to other Government agencies or other users on the basis that the responsibilities and undertakings of the Contractor will not be unreasonably interfered with. Before exercising its right to make any part of the land or facilities available to another agency or user, DOE will confer with the Contractor.

Subject to mutual agreement, other facilities may be used in the performance of the work under this contract.

#### **H.2 - LONG-RANGE PLANNING, PROGRAM DEVELOPMENT AND BUDGETARY ADMINISTRATION**

- (a) Basic considerations. Throughout the process of planning, and budget development and approval, the Parties recognize the desirability for close consultation, for advising each other of plans or developments on which subsequent action will be required, and for attempting to reach mutual understanding in advance of the time that action needs to be taken.
- (b) Annual Laboratory Plan (ALP). It is the intent of the Parties to develop an ALP covering a five-year period, which will be updated at least annually. Development of the ALP is a component of the strategic planning process by which the Parties, through mutual consultation, reach agreement on the general types and levels of activity which will be conducted at the Laboratory for the period covered by the plan. The ALP provides guidance to the Contractor for

long-range planning of Laboratory programs, site and facility development, and for budget preparation. It also serves as a baseline for placement of work at the Laboratory.

- (c) DOE approval. DOE approval of the program proposals and budget estimates will be reflected in work authorizations and financial plans developed and issued to the Contractor.

### H.3 - RESERVED

### H.4 - ADVANCE UNDERSTANDINGS REGARDING ADDITIONAL ITEMS OF ALLOWABLE AND UNALLOWABLE COSTS AND OTHER MATTERS

Allowable costs under this Contract shall be determined according to the requirements of DEAR 970.5232-2, Payments and Advances. For purposes of effective Contract implementation, certain items of cost are being specifically identified below as allowable and/or unallowable under this Contract to the extent indicated:

#### I. ITEMS OF ALLOWABLE COSTS:

- (a) Personnel costs in accordance with Appendix A attached to this contract.
- (b) Rentals and leases of land, buildings, and equipment owned by third parties, allowances in lieu of rental, charges associated therewith and costs of alteration, remodeling and restorations where such items are used in the performance of the contract, except that such rentals and leases directly chargeable to the contract shall be subject to such approval by the Contracting Officer as set forth in Part III, Attachment J.7, Appendix G.
- (c) Notwithstanding the provisions of FAR cost principle 31.205-44 (e), stipends and payments made to reimburse travel or other expenses of researchers and students who are not employed under this contract but are participating in research, educational or training activities under this contract to the extent such costs are incurred in connection with fellowship, international agreements, or other research, educational or training programs approved by the Contracting Officer.
- (d) Notwithstanding the provisions of FAR cost principle 31.205-44 (e), payments to educational institutions for tuition and fees, or institutional allowances, in connection with fellowship or other research, educational or training programs for researchers and students who are not employed under this contract.

- (e) Expenditures by the Contractor to reimburse other employers for payments (including, but not limited to, salaries) to or for the benefit of their employees loaned to the Contractor for and engaged in the performance of the Contractor's undertaking hereunder.
- (f) Costs incurred or expenditures made by the Contractor, as directed, approved or ratified by the Contracting Officer and not unallowable under any other provisions of this contract.

## II. ITEMS OF UNALLOWABLE COSTS:

- (a) Premium Pay for wearing radiation-measuring devices for Laboratory and all-tier cost-type subcontract employees.
- (b) In accordance with DEAR 970 home office expenses are unallowable, unless approved by the Contracting Officer (CO). The contractor is allowed to submit a home office expense proposal in accordance with DEAR 970.3102-3-70. Said proposal cannot exceed \$2,500,000 in any fiscal year. Upon HCA and CO approval home office expenses will be allowable.

### H.4A - FACILITIES CAPITAL COST OF MONEY

The request for proposal for this contract did not require a cost proposal in which facilities capital cost of money would apply. Therefore, the Clause I.116, FAR 52.215-17, Waiver of Facilities Capital Cost of Money is included in the contract. However, if during the performance of the contract the Contractor elects to claim facilities capital cost of money as an allowable cost, the Contractor shall submit, for approval of the Contracting Officer, a proposal for each specific project, including Form CASB-CMF which shows the calculation of the proposed amount (see FAR 31. 205-10).

### H.5 - ADMINISTRATION OF SUBCONTRACTS

- (a) The administration of all subcontracts entered into and/or managed by the Contractor, including responsibility for payment hereunder, shall remain with the Contractor unless assigned at the direction of DOE.
- (b) The DOE reserves the right to direct the Contractor to assign to the DOE, or another Contractor, any subcontract awarded under this contract.
- (c) The DOE reserves the right to identify specific work activities in Section C "Description/Specifications/Work Statement" to be removed (de-scoped) from the contract in order to contract directly for the specific work activities. The

Department will work with the Contractor to identify the areas of work that can be performed by small businesses in order to maximize direct federal contracts with small businesses. The Contractor agrees to facilitate these actions. This facilitation will include identifying direct contracting opportunities valued at \$5 million or above for small businesses for work presently performed under subcontracts, as well as work performed by Contractor employees. The Contractor shall notify the DOE one-year in advance of the expiration of any of its subcontracts valued at \$5 million or above, or if applicable, one-year prior to the exercise of an option and/or the option notification requirement, if any, contained in the subcontracts. The DOE will review this information and the requirements of the Contractor to determine the appropriateness for small business opportunities. This review may result in the DOE electing to enter in contracts directly with small businesses for these areas of work. The Contracting Officer will give notice to the Contractor not less than 120 calendar days prior to the date for exercising the option and/or the expiration of the subcontract and/or prior to entering into contract for work being performed by Contractor employees. Following award of these direct federal contracts, DOE may assign administration of these contracts to the Contractor. The Contractor agrees to accept assignments from the DOE for the administration of these contracts. The parameters of the Contractor's responsibilities for the small business contracts and/or changes, if any, to this contract will be incorporated via a modification to the contract. The Contractor will accept management and administration responsibilities, if so determined.

- (d) To the extent that DOE removes (de-scopes) work from this contract, any such removed or withdrawn work shall be treated as a change in accordance with the clause of this contract entitled, "Changes". A *material change* for the purpose of this clause is defined as cumulative changes during a fiscal year that result in a plus or minus 10% change to the Laboratory's budget. To the extent that DOE assigns the administration of a contract to the Contractor, or removes (de-scopes) work, the Parties reserve the right to negotiate an equitable adjustment in the Contractor's annual available performance fee. The negotiation of fee will be in accordance with the contract clause entitled, "Determining Total Available Performance Fee and Fee Earned". The Parties will also negotiate appropriate adjustments to the Contractor's Subcontracting Plan or any other applicable contract terms and conditions impacted by such withdrawal or addition of work scope to recognize the changes to the Contractor's subcontracting base and goals.

#### H.6 - CARE OF LABORATORY ANIMALS

- (a) Before undertaking performance of any contract involving the use of laboratory animals, the Contractor shall register with the Secretary of Agriculture of the

United States in accordance with Section 6, Public Law 89-544, Laboratory Animal Welfare Act, August 24, 1966, as amended. The Contractor shall furnish evidence of such registration to the Contracting Officer.

- (b) The Contractor shall acquire animals used in research and development programs from a dealer licensed by the Secretary of Agriculture, or from exempted sources in accordance with the Public Law enumerated in paragraph (a) above.
- (c) In the care of any animals used or intended for use in the performance of this contract, the Contractor shall comply with USDA regulations governing animal care and usage, as well as all other relevant local, State, and Federal regulations concerning animal care and usage. In addition, the Contractor will ensure that research will be conducted in a facility that either: (i) has a current National Institutes of Health (NIH) assurance number for animal care and usage, or (ii) is currently accredited for animal care and usage by an appropriate organization such as the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) International, or (iii) has a DOE Assurance Plan Number.

#### H.7 - PRIVACY ACT RECORDS

In accordance with the Privacy Act of 1974, 5 U.S.C. 552a (Public Law 93-579) and implementing DOE Regulations (10 CFR 1008), the Contractor shall maintain the following "Systems of Records" on individuals in order to accomplish the United States Department of Energy functions:

- Personnel Medical Records (DOE-33) (excepting Contractor employees)
- Personnel Radiation Exposure Records (DOE-35)
- Occupational and Industrial Accident Records (DOE-38)
- Employee and Visitor Access Control Records (DOE-51)
- Access Control Records of International Visits, Assignments, and Employment at DOE Facilities and Contractor Sites (DOE-52)

The parenthetical Department of Energy number designations for each system of records refers to the official "System of Records" number published by the United States Department of Energy in the Federal Register pursuant to the Privacy Act.

If DOE requires the Contractor to design, develop, or maintain additional systems of Government-owned records on individuals to accomplish an agency function in accordance with the Privacy Act of 1974 and 10 CFR 1008, the Contracting Officer, or designee, shall so notify the Contractor, in writing, and such Privacy Act system shall be



deemed added to the above list whether incorporated by formal contract modification or not. The Parties shall mutually agree to a schedule for implementation of the Privacy Act with respect to each such system.

#### H.8 - ADDITIONAL DEFINITIONS

- (a) *CH* means the DOE Office of Science, Chicago Office.
- (b) *Contractor* means the Offeror as specified in Block 15A of Standard Form 33 for Contract No. DE-AC02-05CH11231.
- (c) The term *DOE* means the Department of Energy, *FERC* means the Federal Energy Regulatory Commission, and *NNSA* means the National Nuclear Security Administration.
- (d) The term *DOE Directive* means DOE Policies, Orders, Notices, Manuals, Regulations, Technical Standards and related documents, and Guides, including for purposes of this contract those portions of DOE's Accounting and Procedures Handbook applicable to integrated Contractors, issued by DOE. The term does not include temporary written instructions by the Contracting Officer for the purpose of addressing short-term or urgent DOE concerns relating to health, safety, or the environment.
- (e) *Head of Agency* means: (i) The Secretary; (ii) Deputy Secretary; (iii) Under Secretaries of the Department of Energy and (iv) the Chairman, Federal Energy Regulatory Commission.
- (f) *Laboratory* means the Ernest Orlando Lawrence Berkeley National Laboratory (LBNL) composed of Government-owned buildings and facilities together with the necessary utilities, now existing or hereafter to be acquired, constructed and equipped, most of which are or will be situated on the Government-leased plot or plots of land (hereinafter referred to as the "Laboratory Site") at Berkeley, Alameda County, California.
- (g) The term *someone acting as the Laboratory Director* means the person appointed as Laboratory Director; Deputy Laboratory Director(s) acting in the absence of the Laboratory Director; or a person specified, in writing, to have authority to act in the absence of the Laboratory Director and Deputy Laboratory Director(s).
- (h) With respect to Clause I.97, the term *nonprofit organization* means –
  - (1) a university or other institution of higher education,

- (2) an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 as amended and exempt from taxation under section 501(a) and the Internal Revenue Code,
  - (3) any nonprofit scientific or educational organization qualified as a nonprofit by the laws of the State of its organization or incorporation, or
  - (4) a combination of qualifying entities organized for a nonprofit purpose (e.g., partnership, joint venture or limited liability company) each member of which meets the requirements of (1), (2), or (3) above.
- (i) The term *Senior Procurement Executive* means, for DOE: Department of Energy – Director, Office of Acquisition and Project Management; National Nuclear Security Administration – Administrator for Nuclear Security, NNSA; and Federal Energy Regulatory Commission – Chairman, FERC.
  - (j) *Successor Plan* means any pension or other benefit plan established or maintained pursuant to Clause H.41(f) and covering Contractor employees performing work on this Contract.
  - (k) The *UCRP* means the University of California Retirement Plan.

#### H.9 - SERVICE CONTRACT ACT OF 1965 (41 U.S.C. 351)

The Service Contract Act of 1965 is not applicable to this contract. However, in accordance with Clause I.114 – DEAR 970.5244-1 – CONTRACTOR PURCHASING SYSTEM, subcontracts awarded by the Contractor are subject to the Act to the same extent and under the same conditions as contracts awarded by DOE. The Contractor and the Contracting Officer shall develop a procedure whereby DOE will determine if the Service Contract Act is applicable to particular subcontracts.

#### H.10 - WALSH-HEALEY PUBLIC CONTRACTS ACT

Except as otherwise may be approved, in writing, by the Contracting Officer, the Contractor agrees to insert the following provision in noncommercial Purchase Orders and subcontracts under this contract. "If this contract is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed \$15,000.00 and is otherwise subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S.C. 35), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all

applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect."

#### H.11 - PROTECTION OF HUMAN SUBJECTS

Before undertaking the performance of any research involving the use of human subjects, the provisions of 10 CFR 745, Protection of Human Subjects, must be complied with. This requirement applies to research undertaken with DOE support, work for others, and collaborations with other institutions.

#### H.12 - FOREIGN OWNERSHIP, CONTROL OR INFLUENCE

- (a) The Contractor shall immediately provide the cognizant security office written notice of any change in the extent and nature of foreign ownership, control or influence over the Contractor which would affect any answer to the questions presented in the Certificate Pertaining to Foreign Interests, Standard Form 328 or the Foreign Ownership, Control or Influence questionnaire executed by the Contractor prior to the award of this contract. In addition, any notice of changes in ownership or control which are required to be reported to the Securities and Exchange Commission, the Federal Trade Commission, or the Department of Justice shall also be furnished concurrently to the Contracting Officer.
- (b) If a Contractor has changes involving foreign ownership, control or influence, DOE must determine whether the changes will pose an undue risk to the common defense and security. In making this determination, DOE will consider proposals made by the Contractor to avoid or mitigate foreign influences.
- (c) If the cognizant security office at any time determines that the Contractor is, or is potentially, subject to foreign ownership, control or influence, the Contractor shall comply with such instructions as the Contracting Officer shall provide in writing to safeguard any classified information or special nuclear material.
- (d) The Contractor agrees to insert terms that conform substantially to the language of this clause, including this paragraph, in all subcontracts under this contract that will require subcontractor employees to possess access authorizations. Additionally, the Contractor must require subcontractors to have an existing DOD or DOE Facility Clearance or submit a completed Certificate Pertaining to Foreign Interests, Standard Form 328, required in DEAR 952.204-73 prior to award of a subcontract. Information to be provided by a subcontractor pursuant to this clause may be submitted directly to the Contracting Officer. For purposes of this clause, subcontractor means any subcontractor at any tier and the term *Contracting Officer* means the DOE Contracting Officer. When this clause is

included in a subcontract, the term *Contractor* shall mean Subcontractor and the term *contract* shall mean subcontract.

- (e) The Contracting Officer may terminate this contract for default either if the Contractor fails to meet obligations imposed by this clause or if the Contractor creates a FOCl situation in order to avoid performance or a termination for default. The Contracting Officer may terminate this contract for convenience if the Contractor becomes subject to FOCl and for reasons other than avoidance of performance of the contract, cannot, or chooses not to, avoid or mitigate the FOCl problem.

#### H.13 - RESERVED

#### H.14 - STANDARDS OF CONTRACTOR PERFORMANCE EVALUATION

- (a) Use of objective standards of performance, self assessment and performance evaluation:
  - (1) The Parties agree that the Contractor will utilize a comprehensive performance-based management approach for overall Laboratory management. The performance-based management approach will include the use of objective performance goals and indicators, agreed to in advance of each performance evaluation period, as standards against which the Contractor's overall performance of the scientific and technical mission obligations under this Contract will be assessed. The performance criteria will be limited in number and focus on results to drive improved performance and increased effective and efficient management of the Laboratory.
  - (2) The Parties agree to utilize the process described within Part III, Section J, Appendix B - "Performance Evaluation and Measurement Plan" (PEMP) to evaluate the performance of the Laboratory. The Parties further agree that the evaluation process described in Appendix B will be reviewed annually and modified, if necessary, by agreement of the Parties. If agreement of the Parties cannot be reached, the Contracting Officer has the unilateral right to establish the evaluation process.
  - (3) The Parties agree that the Contractor will conduct an ongoing self-assessment process as the principal means of determining its compliance with the Contract Statement of Work and performance indicators identified within Part III, Section J, Appendix B. To assist the DOE in accomplishing the appropriate level of oversight, the Contractor shall work in partnership and cooperation with DOE and other external organization, as appropriate,

in the self-assessment process. This work includes, but is not limited to, the development and execution of self-assessments and the utilization of the results for continuous improvement.

- (4) The Contractor shall provide periodic updates, as requested by the DOE, on the performance against the Appendix B. The Contractor shall provide a formal status briefing at mid-year and year-end. Specific due dates and formats for the above-mentioned briefings shall be agreed to by the Laboratory Director and the DOE Berkeley Site Office Manager.
  - (5) DOE, as a part of its responsibility for oversight, evaluation, and information exchange, shall provide an annual programmatic appraisal and other appraisals, and reviews of the Contractor's performance of authorized work in accordance with the terms and conditions of this Contract. The Office of Science, through the Berkeley Site Office Manager, has the lead responsibility for oversight of the programs and activities conducted by the Contractor.
  - (6) The Contracting Officer shall annually provide a written assessment of the Laboratory's performance to the Contractor, which shall be based upon the process described in Appendix B. The Parties acknowledge that the performance levels achieved against the specific performance objectives and measures shall be the primary, but not sole, criteria for determining the Contractor's final performance evaluation and rating. The Contractor's self-assessment results, to include results of any third party reviews which may have been conducted during the evaluation period, will be considered at all levels to assess and evaluate the Contractor's performance. The Contracting Officer may also consider other relevant information not specifically measured by the objectives and measures established within Appendix B that is deemed to have an impact (either positive or negative) on the Contractor's performance. Other relevant information that may be used by the Contracting Officer may include, but is not limited to, information gained from peer reviews, operational awareness, outside agency reviews (i.e., OIG, GAO, DCAA, etc.) conducted throughout the year, annual reviews (if needed), and DOE "for cause" reviews. With exception of "for cause" reviews, the Berkeley Site Office will conduct no more than one management and operations review per year. The on-site portion of such reviews will normally last no more than two weeks. Contractor success in meeting or exceeding performance expectations in a particular management or operations functional area may be rewarded with less frequent – or no – review of the functional area. Conversely, marginal performance or "for cause" situations may result in more frequent reviews.
- (b) Standards of performance measure review:

- (1) The Parties agree to review the PEMP elements (goals, objectives, performance indicators, and expected levels of performance) contained in Appendix B annually and to modify them upon the agreement of the Parties; provided, however, that if the Parties cannot reach agreement on all the goals, objectives, performance indicators, and expected levels of performance for the next period, the Contracting Officer shall have the unilateral right to establish reasonable new goals, objectives, performance indicators and expected levels of performance and/or to modify and/or delete existing goals, objectives, performance indicators, and expected levels of performance. It is expected that the goals, objectives, performance indicators, and expected levels of performance will be modified by the Contractor and the DOE as new areas of emphasis or priorities emerge which the Parties may agree warrant recognition in the performance-based integrated management approach.
- (2) Failure to include an objective or performance indicator in the contract Appendix B does not eliminate the Contractor's obligation to comply with all applicable terms and conditions as set forth elsewhere within the contract.
- (3) In the event the Contracting Officer decides to exercise the rights set forth in paragraphs (a)(6) or (b)(1) above, he/she will notify the Contractor, in writing, of the intended decision ten days prior to issuance.

#### H.15 - CAP ON LIABILITY

- (a) The Parties have agreed that the Contractor's liability, for certain obligations it has assumed under this contract, shall be limited as set forth in paragraph (b) below. These limitations or caps shall only apply to obligations the Contractor has assumed pursuant to the following clauses:
  - (1) The clause titled "Property", paragraph (f)(1)(i)(C);
  - (2) The clause titled "Insurance--Litigation and Claims", (h), with respect to prudent business judgment only; and
  - (3) The clause titled "Insurance--Litigation and Claims", (j)(2), except for punitive damages resulting from the willful misconduct or lack of good faith on the part of the Contractor's managerial personnel as defined in the clause titled, Property.
- (b) The Contractor shall be liable each fiscal year for an amount not-to-exceed 1.25

times the maximum performance fee available for that fiscal year. The annual cap which will apply shall be based on the fiscal year in which the Contractor's act or failure to act was the proximate cause of the liability assumed by the Contractor. In the event the Contractor's act or failure to act overlaps more than one fiscal year, the limitation will be the annual limitation for the last fiscal year in which the Contractor's act or failure to act occurred. If the Contractor's cumulative obligations for a fiscal year equal the amount of the annual limitation of liability, the Contractor shall have no further responsibility for the costs of the liabilities it has assumed for that fiscal year pursuant to (a)(1) through (3) above.

#### H.16 - INTELLECTUAL AND SCIENTIFIC FREEDOM

- (a) The Parties recognize the importance of fostering an atmosphere at the Laboratory conducive to scientific inquiry and the development of new knowledge and creative and innovative ideas related to important national interests.
- (b) The Parties further recognize that the free exchange of ideas among scientists and engineers at the Laboratory and colleagues at universities, colleges, and other laboratories or scientific facilities is vital to the success of the scientific, engineering, and technical work performed by Laboratory personnel.
- (c) In order to further the goals of the Laboratory and the national interest, it is agreed by the Parties that the scientific and engineering personnel at the Laboratory shall be accorded the rights of publication or other dissemination of research, and participation in open debate and in scientific, educational, or professional meetings or conferences, subject to the limitations included in technology transfer agreements and such other limitations as may be required by the terms of this Contract.
- (d) Nothing in the Section I clause entitled "Public Affairs" or the Section H clause(s) respecting "Lobbying Restriction (Interior Act)" are intended to limit the rights of the Contractor or its employees to publicize and to accurately state the results of its scientific research.

#### H.17 - NOTICE REGARDING THE PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS - SENSE OF CONGRESS

It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this award should be American-made.

#### H.18 - APPLICATION OF DOE CONTRACTOR REQUIREMENTS DOCUMENTS

- (a) Performance. The Contractor will perform the work of this Contract in accordance with each of the Contractor Requirements Documents (CRDs) appended to this contract as "Appendix I," until such time as the Contracting Officer approves the substitution of an alternative procedure, standard, system of oversight, or assessment mechanism resulting from the process described below.
- (b) Laws and Regulations Excepted. The process described in this clause shall not affect the application of otherwise applicable laws and regulations of the United States, including regulations of the Department of Energy.
- (c) Deviation Processes in Existing Orders. This clause does not preclude the use of deviation processes provided for in existing DOE directives.
- (d) Proposal of Alternative. The Laboratory-Director Contractor may, at any time during performance of this contract, propose an alternative procedure, standard, system of oversight, or assessment mechanism to the requirements in a listed CRD by submitting to the Contracting Officer a signed proposal describing the nature and scope of the alternative procedure, standard, system of oversight, or assessment mechanism (alternative), the anticipated benefits, including any cost benefits, to be realized by the Contractor in performance under the contract, and a schedule for implementation of the alternate. In addition, the Contractor shall include an assurance signed by the Laboratory-Director Contractor that the revised alternative is an adequate and efficient means to meet the objectives underlying the CRD. Upon request, the Contractor shall promptly provide the Contracting Officer any additional information that will aid in evaluating the Contractor's proposal.
- (e) Action of the Contracting Officer. The Contracting Officer shall within sixty (60) days:
  - (1) deny application of the proposed alternative;
  - (2) approve the proposed alternative, with conditions or revisions;
  - (3) approve the proposed alternative; or
  - (4) provide a date by which a decision will be made (not to exceed an additional 60 days).
- (f) Implementation and Evaluation of Performance. Upon approval in accordance with (e)(2) or (e)(3) above, the Contractor shall implement the alternative. In the case of a conditional approval under (e)(2) above, the Contractor shall provide



the Contracting Officer with an assurance statement, signed by the Laboratory Director Contractor, that the revised alternative is an adequate and efficient means to meet the objectives underlying the CRD. Additionally, the statement shall describe any changes to the schedule for implementation. The Contractor shall then implement the revised alternative. DOE will evaluate performance of the approved alternative from the date scheduled by the Contractor for implementation.

- (g) Application of Additional or Modified CRDs. During performance of the contract, the Contracting Officer may notify the Contractor that he or she intends to unilaterally add CRDs not then listed in Appendix I or modifications to listed CRDs. Upon receipt of that notice, the Contractor, within thirty (30) calendar days, may, in accordance with paragraph (d) of this clause, propose an alternative procedure, standard, system of oversight, or assessment mechanism. The resolution of such a proposal shall be in accordance with the process set out in paragraphs (e) and (f) of this clause. If an alternative proposal is not submitted by the Contractor within the thirty (30) calendar day period, or, if made, is denied by the Contracting Officer under paragraph (e), the Contracting Officer may unilaterally add the CRD or modification to Appendix I. The Contractor and the Contractor Officer shall identify and, if appropriate, agree to any changes to other contract terms and conditions, including cost and schedule, resulting from the addition of the CRD or modification.
- (h) Deficiency and Remedial Action. If, during performance of this contract, the Contracting Officer determines that an alternative procedure, standard, system of oversight, or assessment mechanism adopted through the operation of this clause is not satisfactory, the Contracting Officer may, in his or her sole discretion, determine that corrective action is necessary and require the Contractor to prepare a corrective action plan for the Contracting Officer's approval. If the Contracting Officer is not satisfied with the corrective action taken, the Contracting Officer may direct corrective action to remedy the deficiency, including, if appropriate, the reinstatement of the CRD.

#### H.19 - EXTERNAL REGULATION

The Parties commit to full cooperation with regard to complying with any statutory mandate regarding external regulation of Laboratory facilities, whether by the Nuclear Regulatory Commission, the Occupational Safety and Health Administration, the Environmental Protection Agency, and/or State and local entities with regulatory oversight authority, and including but not limited to the conduct of pilot programs simulating external regulation, and the application for materials, facilities, or other licenses by or on behalf of the DOE.

#### H.20 - RESERVED

## H.21 - EMPLOYEE COMPENSATION: PAY AND BENEFITS

### (a) Total Compensation System

The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system consistent with FAR 31.205-6 and DEAR 970.3102-05-6; "Compensation for Personal Services" ("Total Compensation System"). DOE-approved standards, if any, shall be applied to the Total Compensation System. The Contractor's Total Compensation System shall be fully documented, consistently applied, and acceptable to the Contracting Officer. Periodic appraisals of contractor performance with respect to the Contractors' Total Compensation System will be conducted.

- (1) The description of the Contractor Employee Compensation Program should include the following components:
  - a. Philosophy and strategy for all pay delivery programs.
  - b. System for establishing a job worth hierarchy.
  - c. Method for relating internal job worth hierarchy to external market.
  - d. System that links individual and/or group performance to compensation decisions.
  - e. Method for planning and monitoring the expenditure of funds.
  - f. Method for ensuring compliance with applicable laws and regulations.
  - g. System for communicating the programs to employees.
  - h. System for internal controls and self-assessment.
  - i. System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be on a pro-rated basis.

### (b) Reports and Information

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

- (1) 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.
- (2) A list of the top five most highly compensated executives as defined in FAR 31.205-6(p)(2)(ii) and their total cash compensation at the time of Contract award, and annually by January 15<sup>th</sup>.
- (3) The Compensation and Benefits Report no later than March 1 of each year.

(c) Pay and Benefit Programs

The Contractor shall maintain pay and benefit programs for its Employees; provided, however, that employees scheduled to work fewer than 20 hours per week receive only those benefits required by law. Employees are eligible for benefits, subject to the terms, conditions, and limitations of each benefit program. Reimbursement for individual compensation is subject to the limits established by 41 U.S.C. 4304(a)(16).

(1) Cash Compensation

- (A) The Contractor shall submit the following to the Contracting Officer for a determination of cost allowability for reimbursement under the Contract:
  - (i) Any proposed major compensation program design changes prior to implementation.
  - (ii) An Annual Compensation Increase Plan (CIP). The CIP for a Contractor that has received Contracting Officer approval for having an Employee Compensation Program with the components identified under (a)(1) above should include the following components and data:
    - (1) Market analysis summary, including a comparison of average pay to market average pay.
    - (2) Merit Fund requests for each Employee Group (i.e., S&E, Administrative, Technical, Exempt/Non-Exempt)

- (3) Aging factors used for escalating survey data (4) Projection of escalation in the market (5) Information to support proposed structure adjustments, if any.
- (6) Analysis to support special adjustments or promotions that exceed the 1% Promotion/Adjustment fund authorized under Section III of Appendix A.
- (7) Discussion of recruitment/retention issues (e.g., turnover and hiring) relevant to the proposed increase amounts
- (8) A discussion of the impact of budget and business constraints on the CIP amount.
- (9) Information to support a request for variable pay authorization.
- (10)
  - (a) Reimbursed salary levels are used to establish the annual CIP fund.
  - (b) The proposed plan totals shall be expressed as a percentage of the payroll of the CIP eligible population used for the CIP analysis. The approved CIP shall be expressed as a percentage of the September 30 base reimbursed payroll leading into the fiscal year.
  - (c) All pay actions granted under the compensation increase plan are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end.
  - (d) Specific Employee or 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.
  - (e) The Contracting Officer may 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).

- (f) The Contractor may make minor shifts of merit funds between employment groups (e.g., Scientist/Engineer, Admin, Exempt, Non-Exempt) after approval of the CIP in order to meet the compensation requirements of its organization, subject to the following guidelines:
- Minor shift is defined as up to 10% of the approved merit funds from one employment group to another (e.g., 10% of Professional, Administrative & Technical merit funds shifted to Scientists & Engineers employment group)
  - Total merit increase expenditures will be limited to the total merit fund approved.
  - Contractors will notify the Contracting Officer that funds have been shifted.
- (iii) Individual compensation actions for the top contractor official (e.g., laboratory director/plant manager or equivalent) and key personnel not included in the CIP. For those key personnel included in the CIP, DOE will approve salaries upon the initial contract award and when key personnel are replaced during the life of the contract. DOE will have access to all individual salary reimbursements. This access is provided for transparency; DOE will not approve individual salary actions (except as previously indicated).
- (B) The Contracting Officer's approval of individual compensation actions will be required only for the top contractor official (e.g., laboratory director/plant manager or equivalent) and key personnel as indicated in (c)(1)(A)(iii) above. The Contractor shall not be reimbursed for the top contractor official's incentive compensation. The base salary reimbursement level for the top contractor official establishes the maximum allowable salary reimbursement under the contract when compared to subordinate compensation, which would include base salary and any potential incentive

compensation under an incentive compensation agreement. Unusual circumstances may require a deviation for an individual on a case-by-case basis. Any such deviations must be approved by the Contracting Officer.

- (C) Severance Pay is not payable to an employee under this Contract if the employee:
  - (i) Voluntarily separates, resigns or retires from employment, (unless associated with a workforce restructuring action in accordance with Section XIII of Appendix A)
  - (ii) Is offered employment with a successor/replacement contractor,
  - (iii) Is offered employment with a parent or affiliated company, or
  - (iv) Is discharged for cause.
- (D) 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.

(d) Pension and Other Benefit Programs

The program of employee pensions and other benefits employed by the Contractor shall support at a reasonable cost the effective recruitment and retention of a highly skilled workforce at LBNL. Cost reimbursement of benefit plans will be based on Contracting Officer approval of Contractor actions pursuant to an approved "Employee Benefits Value Study" and an "Employee Benefits Cost Survey Comparison". No presumption of allowability will exist when the Contractor implements a new benefits plan or makes changes to existing employee benefits plans until the Contracting Officer makes a determination of cost reimbursement for reasonable changes to the program.

Unless required by State or Federal statute, funding in advance for post retirement benefits other than pensions (PRB) is not allowable. Unless stated otherwise, or as directed by the Contracting Officer, within 30 days of award or extension, and annually thereafter, and prior to implementation of any benefit change, the Contractor shall submit the following materials to the Contracting Officer in advance for approval of application of the changes under the contract and for a determination as to whether the costs incurred are consistent with the Contractor's documented program plan and are deemed

allowable pursuant to 48 CFR 31.205-6 as supplemented by DEAR 970.3102-05-6.

- (1) An evaluation of the Contractor's Employee Benefits Program based on two professionally recognized performance measures:
  - (i) An Employee Benefits Value Study (ben-val) Measure, every two years, which is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor measured against the RV of benefit programs offered by comparator companies approved by the Contracting Officer. To the extent that the value study does not address PRB, the Contractor shall provide separate PRB cost and plan design data comparison with external benchmarks for nationally recognized and Contracting Officer approved survey sources and,
  - (ii) An Employee Benefits Cost Survey Comparison (cost survey) Method every year that analyzes the Contractor's employee benefits cost on a per capita basis per full time equivalent employee and compares it with the cost reported by the U.S. Department of Labor's Bureau of Labor Statistics or other Contracting Officer approved broad based national survey.
- (2) When net benefit value and/or per capita cost exceed the comparator group by more than 5 percent, submit corrective action plans, when requested by the Contracting Officer, to achieve a net benefit value and per capita cost not to exceed the comparator group by more than 5 percent.
- (3) As required by the Contracting Officer, submit an analysis of the specific plan costs that are above the per capita cost range and a corrective action plan to achieve conformance with a Contracting Officer directed per capita cost range.
- (4) Implement corrective action plans determined to be reimbursable by the Contracting Officer to align employee benefit programs with the target in subparagraph (e)(2).
- (5) PRBs will be reimbursed for retiring LBNL employees having worked not less than 5 years under a DOE cost reimbursement contract with the Contractor, and for The Regents of the University of California (UC) campus/medical center retirees having worked less than 5 years at a UC campus/medical center whose vesting service credit is based on service at LBNL or other DOE cost reimbursement contract with UC). Unless

required by Federal or State law, advance funding of PRBs is not allowable.

- (6) Each contractor sponsoring a Defined Benefit pension plan and/or postretirement benefit plan will participate in the annual plan management process which includes written responses to a questionnaire regarding plan management, providing forecasted estimates of future reimbursements in connection with the plan and participating in a conference call to discuss the contractor submission.
- (7) Each contractor will respond to quarterly data calls issued through ibenefits, or its successor system.

#### H.22 - CONTRACTOR ACCEPTANCE OF NOTICES OF VIOLATIONS OR ALLEGED VIOLATIONS, FINES, AND PENALTIES

- (a) 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 the other provisions of this contract.
- (b) The Contractor shall notify DOE promptly when it receives service from the regulators of NOVs/NOAVs and fines and penalties.

#### H.23 - ALLOCATION OF RESPONSIBILITIES FOR CONTRACTOR ENVIRONMENTAL COMPLIANCE ACTIVITIES

- (a) The Parties commit to full cooperation with regard to acquiring any necessary permits or licenses required by environmental, safety and health (ES&H) laws, codes, ordinances, and regulations of the United States, states or territories, municipalities or other political subdivisions, and which are applicable to the performance of work under this contract. It is recognized that certain ES&H permits will be obtained jointly as co-permittees, and other permits will be obtained by either party as the sole permittee. The Contractor, unless otherwise directed by the Contracting Officer, shall procure all necessary non-ES&H permits or licenses.
- (b) This clause allocates the responsibilities of DOE and the Contractor, referred to collectively as the "Parties", for implementing the environmental requirements at facilities within the scope of the contract. In this Clause, the term *environmental requirements* means requirements imposed by applicable Federal, State, and



local environmental laws and regulations, including, without limitation, statutes, ordinances, regulations, court orders, consent decrees, administrative orders, compliance agreements, permits, and licenses.

- (c) (i) Liability and responsibility for civil fines or penalties arising from or related to violations of environmental requirements shall be borne by the party causing the violation irrespective of the fact that the cognizant regulatory authority may assess any such fine or penalty upon either party or both Parties without regard to the allocation of responsibility or liability under this contract. This contractual allocation of liability for any such fine or penalty is effective regardless of which party signs permit applications, manifests, reports, or other required documents, is a permittee, or is the named subject of an enforcement action or assessment of a fine or penalty. The allowability of the costs associated with fines and penalties assessed against the Contractor shall be subject to the other provisions of this contract.
- (ii) In the event that the Contractor is deemed to be the primary party causing the violation, and the costs of fines and penalties proposed by the regulatory agency to be assessed against the Government (or the Government and Contractor jointly) are determined by the Government to be presumptively unallowable if allocated against the Contractor, then the Contractor shall be afforded the opportunity to participate in negotiations to settle or mitigate the penalties with the regulatory authority. If the Contractor is the sole party of the enforcement action, the Contractor shall take the lead role in the negotiations and the Government shall participate and have final authority to approve or reject any settlement involving costs charged to the contract.
- (d) DOE agrees that if bonds, insurance, or administrative fees are required as a condition for permits obtained by the Contractor under this contract, and the Contractor has been directed by the Contracting Officer to obtain such permits after the Contractor has notified the Contracting Officer of the costs of complying with such conditions, such costs shall be allowable. In the event such costs are determined by DOE to be excessive or unreasonable, DOE shall provide the regulatory agency with the acceptable form of financial responsibility. Under no circumstances shall the Contractor be required to provide any corporate resources or corporate guarantees to satisfy such regulatory requirements.

#### H.24 - WORKERS' COMPENSATION INSURANCE

- (a) Workers compensation loss income benefit payments, when supplemented by other programs (such as salary continuation, short-term disability) are to be administered according UC Policy

- (b) Contractors approve all workers compensation settlement claims up to \$100,000. Settlement claims above the \$100,000 require Contracting Officer approval.
- (c) Contractors shall provide copies to the Contracting Officer of all renewal policies for workers compensation. The Contractor shall furnish reports as may be required from time to time by the CO.

#### H.25 - LABOR RELATIONS

- (a) The Contractor shall respect the right of employees to organize and to form, join, or assist labor organizations, to bargain collectively through their chosen labor representatives, to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and to refrain from any or all of these activities.
- (b) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of reviewing the Contractor's bargaining objectives that impact LBNL prior to negotiations of any collective bargaining agreement or revision thereto. For LBNL-specific collective bargaining process, the contractor shall consult with and obtain the approval of the Contracting Officer regarding appropriate economic bargaining parameters prior to the Contractor entering into the LBNL-specific collective bargaining process. During the LBNL-specific collective bargaining process, the Contractor shall notify the Contracting Officer before submitting or agreeing to any collective bargaining proposal which can be calculated to affect allowable costs under this contract or which could involve other items of special interest to the Government. During the collective bargaining process, the Contractor shall obtain the approval of the Contracting Officer before proposing or agreeing to changes in any LBNL-specific pension or other benefit plans. For the purposes of this paragraph, "LBNL-specific collective bargaining process" shall refer to any bargaining process LBNL may undertake separate from the University of California as a whole.
- (c) The Contractor will seek to maintain harmonious bargaining relationships that reflect a judicious expenditure of public funds, equitable resolution of disputes and effective and efficient bargaining relationships consistent with the requirements of FAR, Subpart 22.1 and DEAR, Subpart 970.2201 and all applicable Federal and State Labor Relations laws.
- (d) The Contractor will notify the Contracting Officer or designee in a timely fashion of all labor relations issues and matters of local interest including organizing

initiatives, unfair labor practice, work stoppages, picketing and labor arbitrations and settlement agreements and will furnish such additional information as may be required from time to time by the Contracting Officer.

- (e) The Contractor shall provide electronic access to copies of collective bargaining agreements to the Contracting Officer as they are ratified or modified.

#### H.26 - ADDITIONAL LABOR REQUIREMENTS

The Contractor shall conduct payroll and job-site audits and conduct investigations of complaints as authorized by DOE on all Davis Bacon activity, including any subcontracts, as may be necessary to determine compliance with the Davis-Bacon Act. Where violations are found, the Contractor shall report them to the DOE Contracting Officer. The Contracting Officer may require that the Contractor assist in the determination of the amount of restitution and withholding of funds from a subcontractor so that sufficient funds are withheld to provide restitution for back wages due for workers inappropriately classified and paid, fringe benefits owed, overtime payments due, and liquidated damages assessed.

The Contractor shall notify the Contracting Officer of any complaints and significant labor standards violations whether caused by the Contractor or subcontractors. The Contractor shall assist DOE and or/the Department of Labor in the investigation of any alleged violations or disputes involving labor standards. The Contractor shall furnish a Davis-Bacon Semi-Annual Enforcement Report to DOE by April 21 and October 21 each year.

#### H.27 - CONTRACTOR-FUNDED INSTITUTIONAL SUPPORTING RESEARCH AND DEVELOPMENT

In addition to and separate from the Parties' rights and obligations under Clause I.134 DEAR 970.5217-1, WORK FOR OTHERS PROGRAM (NON-DOE FUNDED WORK), the Contractor may, with the consent of the Contracting Officer, conduct Contractor-funded institutional supporting research and development at the Laboratory. The Contracting Officer may consent to such research provided that (a) such research is conducted on a non-interference basis with any DOE-directed and funded work of the Laboratory, (b) the research is intended to enhance the capabilities of the Laboratory to continue to perform its mission or to create new capabilities at the Laboratory consistent with the overall needs of DOE, and (c) the funds are expended under the same terms and conditions that apply to government funds provided under this contract. For cost accounting standards purposes such approved research shall be treated as institutional research and development of the Laboratory.

**H.28 - OPEN COMPETITION AND LABOR RELATIONS UNDER MANAGEMENT AND OPERATING AND OTHER MAJOR FACILITIES CONTRACTS**

*Labor organization*, as used in this clause, shall have the same meaning it has in 42 U.S.C. 2000e(d).

- (a) Unless acting in the capacity of a constructor on a particular project, the Contractor shall not-
  - (1) Require bidders, offerors, contractors, or subcontractors to enter into or adhere to nor prohibit those parties from entering into or adhering to agreements with one or more labor organizations, i.e., project labor agreements, that apply to construction project(s) relating to this contract; or,
  - (2) Otherwise discriminate against bidders, offerors, contractors, or subcontractors for refusing to become or to remain signatories or to otherwise adhere to project labor agreements for construction project(s) relating to this contract.
- (b) When the Contractor is acting in the capacity of a constructor, i.e., performing a substantial portion of the construction with its own forces, it may use its discretion to require bidders, offerors, Contractors, or subcontractors to enter into a project labor agreement that the Contractor has negotiated for that individual project.
- (c) Nothing in this clause shall limit the right of bidders, offerors, Contractors, or subcontractors to voluntarily enter into project labor agreements.

**H.29 - PERFORMANCE BASED MANAGEMENT AND OVERSIGHT**

- (a) Performance-based management shall be the key enabling mechanism for establishing the DOE-Contractor expectations on oversight and accountability. DOE expectations (outside of individual program performance and requirements of laws and regulations) and performance targets shall be established through the Performance Evaluation and Measurement Plan (PEMP) pursuant to the clause entitled "Standards of Contractor Performance Evaluation". This PEMP shall establish the expected strategic results in the areas of mission accomplishment, stewardship and operational excellence. Mission performance goals shall be established by agreement with each major customer of the Laboratory, and customer evaluation will be the primary means of evaluating mission performance. Stewardship and operational goals shall be established by agreement with DOE. Contractor self-assessment, third party certification, and

Contractor and DOE independent oversight, as appropriate, shall be the primary means for assessing stewardship and operational performance. Routine DOE oversight of Contractor performance will be conducted at the systems level.

- (b) The performance-based management system shall be the primary vehicle for addressing issues associated with performance expectations. In the event of a substantive performance shortfall in any area, the appropriate improvement expectations and targets will be incorporated into the PEMP and tracked through self-assessment and independent oversight, as appropriate.
- (c) Compliance with applicable Federal, State and local laws and regulations, and permits and licenses, shall be primarily determined by the cognizant regulatory agency and DOE will primarily rely upon the determination of the external regulators in assessing Contract compliance. DOE oversight will be achieved through periodic assessments at the management system level, including review of Contractor self-assessments and assessments by independent third parties.

#### H.30 - CONTRACTOR ASSURANCE SYSTEM

- (a) The Contractor shall develop a Contractor Assurance System (CAS) that is executed by the Contractor's Board of Directors (or equivalent corporate oversight entity) and implemented throughout the Contractor's organization. This system provides reasonable assurance that the objectives of the contractor management systems are being accomplished and that the system controls will be effective and efficient. The Contractor Assurance System, at a minimum, shall include the following key attributes:
  - (1) A comprehensive description of the assurance system with processes, key activities, and accountabilities clearly identified.
  - (2) A method for verifying/ensuring effective assurance system processes.. Third party audits, peer reviews, independent assessments, and external certification (such as VPP and ISO 9001 or ISO 14001) may be used.
  - (3) Timely notification to the Contracting Officer of significant assurance system changes prior to the changes.
  - (4) Rigorous, risk-based, credible self-assessments, and feedback and improvement activities, including utilization of nationally recognized experts, and other independent reviews to assess and improve the Contractor's work process and to carry out independent risk and vulnerability studies.

- (5) Identification and correction of negative performance/compliance trends before they become significant issues.
- (6) Integration of the assurance system with other management systems including Integrated Safety Management.
- (7) Metrics and targets to assess performance, including benchmarking of key functional areas with other DOE contractors, industry and research institutions. Assure development of metrics and targets that result in efficient and cost effective performance.
- (8) Continuous feedback and performance improvement.
- (9) An implementation plan (if needed) that considers and mitigates risks.
- (10) Timely and appropriate communication to the Contracting Officer, including electronic access, of assurance related information.

The initial Contractor Assurance System description shall be approved by the Contracting Officer.

- (b) The Government may revise its level and/or mix of oversight of this contract when the Contracting Officer determines that the assurance system is or is not operating effectively.

#### H.31 - COMPLIANCE WITH INTERNET PROTOCOL VERSION 6 (IPV6) IN ACQUIRING INFORMATION TECHNOLOGY, (JULY 2011)

This contract involves the acquisition of Information Technology (IT) that uses Internet Protocol (IP) technology. The Contractor agrees that (1) all deliverables that involve IT that uses IP (products, services, software, etc.) comply with IPv6 standards and interoperate with both IPv6 and IPv4 systems and products; and (2) it has IPv6 technical support for fielded product management, development and implementation available. If the Contractor plans to offer a deliverable that involves IT that is not initially compliant, the Contractor shall (1) obtain the Contracting Officer's approval before starting work on the deliverable; and (2) have IPv6 technical support for fielded product management, development and implementation available.

Should the Contractor find that the Statement of Work or specifications of this contract do not conform to IPv6 standards, it must notify the Contracting Officer of such nonconformance and act in accordance with the instructions of the Contracting Officer.

H.32 - LOBBYING RESTRICTION (CONSOLIDATED AND FURTHER CONTINUING APPROPRIATIONS ACT, 2014)

The Contractor agrees that none of the funds obligated on this award shall be expended, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. § 1913. This restriction is in addition to those prescribed elsewhere in statute and regulation.

H.33 - SPECIAL PROVISIONS RELATING TO WORK FUNDED UNDER AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (APR 2009)

Preamble:

Work performed under this contract will be funded, in whole or in part, with funds appropriated by the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, (Recovery Act or Act). The Recovery Act's purposes are to stimulate the economy and to create and retain jobs. The Act gives preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds made available by it for activities that can be initiated not later than June 17, 2009.

Contractors should begin planning activities for their first tier subcontractors, including obtaining a DUNS number (or updating the existing DUNS record), and registering with the Central Contractor Registration (CCR).

Be advised that Recovery Act funds can be used in conjunction with other funding as necessary to complete projects, but tracking and reporting must be separate to meet the reporting requirements of the Recovery Act and related Guidance. For projects funded by sources other than the Recovery Act, Contractors should plan to keep separate records for Recovery Act funds and to ensure those records comply with the requirements of the Act.

The Government has not fully developed the implementing instructions of the Recovery Act, particularly concerning the how and where for the new reporting requirements. The Contractor will be provided these details as they become available. The Contractor must comply with all requirements of the Act. If the contractor believes there is any inconsistency between ARRA requirements and current contract requirements, the issues will be referred to the Contracting Officer for reconciliation.

Be advised that special provisions may apply to projects funded by the Act relating to:

- Reporting, tracking and segregation of incurred costs;
- Reporting on job creation and preservation;

- Publication of information on the Internet;
- Protecting whistleblowers; and
- Requiring prompt referral of evidence of a false claim to the Inspector General.

Definitions:

For purposes of this clause, *Covered Funds* means funds expended or obligated from appropriations under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5. Covered Funds will have special accounting codes and will be identified as Recovery Act funds in the contract and/or modification using Recovery Act funds. Covered Funds must be reimbursed by September 30, 2015.

Non-Federal employer means any employer with respect to Covered Funds – the contractor or subcontractor, as the case may be, if the contractor or subcontractor is an employer; and any professional membership organization, certification of other professional body, any agent or licensee of the Federal government, or any person acting directly or indirectly in the interest of an employer receiving Covered Funds; or with respect to Covered Funds received by a State or local government, the State or local government receiving the funds and any contractor or subcontractor receiving the funds and any contractor or subcontractor of the State or local government; and does not mean any department, agency, or other entity of the federal government.

A. Flow Down Provision

This clause must be included in every first-tier subcontract.

B. Segregation and Payment of Costs

Contractor must segregate the obligations and expenditures related to funding under the Recovery Act. Financial and accounting systems should be revised as necessary to segregate, track and maintain these funds apart and separate from other revenue streams. No part of the funds from the Recovery Act shall be commingled with any other funds or used for a purpose other than that of making payments for costs allowable for Recovery Act projects. Where Recovery Act funds are authorized to be used in conjunction with other funding to complete projects, tracking and reporting must be separate from the original funding source to meet the reporting requirements of the Recovery Act and OMB Guidance.

Invoices must clearly indicate the portion of the requested payment that is for work funded by the Recovery Act.



Note: For contractors currently using drawdown on a letter of credit, the current procedure remains in effect and is used for Recovery Act activity in lieu of invoicing.

C. Prohibition on Use of Funds

None of the funds provided under this agreement derived from the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, may be for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

D. Wage Rates

All laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan numbered 14 of 1950 (64 Stat. 1267, 5 U.S.C. App.) and section 3145 of title 40 United States Code. See <http://www.dol.gov/esa/whd/contracts/dbra.htm>.

E. Publication

Information about this agreement will be published on the Internet and linked to the website [www.recovery.gov](http://www.recovery.gov) maintained by the Accountability and Transparency Board (the Board). The Board may exclude posting contractual or other information on the website on a case-by-case basis when necessary to protect national security or to protect information that is not subject to disclosure under sections 552 and 552a of title 5, United States Code.

F. Registration requirements

Contractor shall ensure that all first-tier subcontractors have a DUNS number and are registered in the Central Contractor Registration (CCR) no later than the date the first report is due under FAR 52.204-11 American Recovery and Reinvestment Act –Reporting Requirements.

G. Utilization of Small Business

Contractor shall to the maximum extent practicable give a preference to small business in the award of subcontracts for projects funded by Recovery Act dollars.

#### H.34 - EPIDEMIOLOGICAL STUDIES OF WORKERS AT THE SITE

- (a) The Contractor shall cooperate in the conduct of epidemiological studies of workers at the contract site to include health related programs and projects, or public health activities required by law, performed by personnel, Contractor personnel, grantees and cooperative agreement participants of the Department of Health and Human Services (HHS), pursuant to a Memorandum of Understanding between DOE and HHS, or those performed by the DOE Office of Environment, Safety and Health, it's Contractors, grantees, participants in cooperative agreements, and collaborating researchers. The conduct of these studies requires access by researchers to personal information about workers including historical and current data on work assignments and duties, medical history, and exposure to radiation, toxins, and other occupational hazards.

Access to Contractor-owned records containing personal information is governed by the Section I clause entitled, "Access to and Ownership of Records". The studies may also require access by researchers to workers for personal interviews during normal work hours. The Contractor understands that its cooperation in such studies is an integral part of addressing the health and safety of workers at the site and that it may be reimbursed for reasonable costs associated with assisting the various agencies. The Contractor shall identify a point of contact for coordinating this work and for assuring that responses are timely, and shall submit to the Contracting Officer for approval procedures for liaison with external researchers carrying out such work.

- (b) Nothing in this clause shall relieve personnel performing epidemiological studies at the site from observing applicable federal and state laws, regulations and directives governing the conduct of human subjects research, access to classified information, and the privacy of personal information; and it is acknowledged that the Contractor, as the custodian and/or owner of records maintained at the site, has certain contractual and other legal obligations to ensure compliance with such laws, regulations and directives.

#### H.35 - RESERVED

### H.36 - SPECIAL HAZARDS

- (a) The performance of the Contractor's operations hereunder may, in extraordinary circumstances, subject workers to special hazards for which workers' compensation laws, other statutes, the Contractor's welfare plan and policies, or the worker's private insurance may not provide adequate financial protection to the worker in the event of disability, or to the worker's estate in the event of death.
- (b) Definitions.
  - (1) *Worker* as used in this clause shall mean any person who is or has been employed by the Contractor or any subcontractor, or who is or has been engaged as a consultant or borrowed personnel by the Contractor or any subcontractor.
  - (2) *Within the course and scope of employment* as used in this clause shall mean that the worker was performing duties as assigned, in conformance with the direction of the Contractor or a subcontractor or an agreement with the Contractor, and in furtherance of the work under this contract.
- (c) The Contractor is authorized to pay to a worker, or in the event of the worker's death, the worker's estate, a sum in an amount which the Contractor determines appropriate, not to exceed the worker's annual salary, whenever—
  - (1) The Contractor believes that a worker has become disabled or has died as a result of any special hazard listed in paragraph (d) below to which the worker has been exposed within the course and scope of employment;
  - (2) The Contractor believes that Workers' compensation laws, other statutes, the Contractor's welfare plan and policies, or the worker's private insurance does not provide adequate financial protection under the particular circumstances of the worker's disability or death; and
  - (3) The Contracting Officer approves the payment.
- (d) The special hazards referred to in paragraphs (a) and (c) above are:
  - (1) Exposure to radiant energy or emitted particles from radioactive materials or from high voltage sources or machines, including ingestion, inhalation or other bodily uptake of radioactive materials.
  - (2) Exposure to toxic materials comprising polonium, uranium, plutonium, fluorine, barium, cadmium, beryllium, any compounds of these, phosgene,

or any other material in use in the course of authorized work which may be shown to have toxic effects.

- (3) Work assignments not specifically covered in this clause and of such a nature as will invalidate the worker's personal insurance otherwise applicable to the injury or death and in effect at the time of performance of the assigned duties.
  - (4) Exposure to hazards incident to flights in military aircraft in the course of which necessary experimental work is conducted. Where a release of liability has been signed, such release will in no way bar the worker from receiving any payment under this clause.
  - (5) Exposure in the course of employment incident to flights in chartered or military aircraft or transportation on military vessels. Where a release of liability has been signed, such release will in no way bar the worker from receiving any payment under this clause.
  - (6) Exposure peculiar to and as the result of work assignment required to be conducted outside the continental United States.
  - (7) Such other exposures not now known but which may later be discovered and which by the nature thereof are similar to the exposure or hazards set forth above. Such other exposures as may from time to time be agreed upon in writing by the Contractor and the Contracting Officer as a basis for payment.
- (e) The total sum authorized to be paid under this clause to a worker or a worker's estate shall not exceed the worker's annual salary even where (1) a payment has been made to a worker on account of a disability and who thereafter dies as a result of the disabling injury or (2) a worker is disabled by one injury compensable under this clause and dies of a separate injury compensable under this clause. The Contractor assumes no obligation hereunder to make any payment from the Contractor's own funds. A release may be required from the payee if the Contracting Officer and the Contractor deem it necessary or appropriate.
- (f) Whenever there is an injury or death which is compensable in accordance with paragraph (c) above, the Contractor may also, with Contracting Officer approval, pay for the cost of transportation (including hotel, subsistence and other incidental expenses) of the spouse and one or more of next of kin of such injured or dead worker from their respective homes to the place where such injured or dead worker shall be situated and their return.

### H.37 - DEFENSE AND INDEMNIFICATION OF EMPLOYEES

- (a) The Parties recognize that, under applicable State law, the Contractor could be required to defend and indemnify its officers and employees from and against civil actions and other claims which arise out of the performance of work under this Contract. Except for defense costs made unallowable by Section I clause entitled Payments and Advances, or the Major Fraud Act (41 U.S.C. §256(k)), the costs and expenses, including judgments, resulting from the defense and indemnification of employees from and against such civil actions and claims shall be allowable costs under this contract if incurred pursuant to the terms of Section I clause entitled Insurance—Litigation and Claims.
- (b) Costs and expenses, including judgments, resulting from the defense and indemnification of employees from civil fraud actions filed in federal court by the Government will be unallowable where the employee pleads nolo contendere or the action results in a judgment against the defendant.
- (c) Where in accordance with applicable State law, the Contractor determines it must defend an employee in a criminal action, DOE will consider in good faith, on a case-by-case basis, whether the Contractor has such an obligation. If DOE concurs, the costs and expenses, including judgments, resulting from the defense and indemnification of employees shall be allowable.
- (d) The Contractor shall immediately furnish the Contracting Officer written notice of any such claim or civil action filed against any employee of the Contractor arising out of the work under this contract together with copies of all pleadings filed. The Contractor shall furnish to the Contracting Officer a written determination by the Contractor's counsel that the defense or indemnity of the employee is required by the provisions of applicable State law, that the employee was acting within the course and scope of employment at the time of the acts or omissions which gave rise to the claim or civil action, and that any exclusions set forth under applicable State law for fraud, corruption, or malice on the part of the employee does not apply. A copy of any letter asserting a reservation of rights under applicable State law with respect to the defense or indemnification of such employee shall also be provided to the Contracting Officer. The costs associated with the settlement of any such claim or civil action shall not be treated as an allowable cost unless approved in writing by the Contracting Officer.

### H.38 - DISPOSAL OF REAL PROPERTY

Disposal of any permanent or temporary interest in real property shall require the prior approval of the Contracting Officer.

H.39 - RESERVED

H.40 - RESERVED

H.40A - LEASE AND OCCUPANCY BY DOE OF REAL PROPERTY OR FACILITIES OWNED BY THE CONTRACTOR (SPECIAL)

- (a) Campus building space and equipment. The Contractor shall provide building space and equipment as set forth in Appendix D, Lease and Occupancy Agreements, Campus Buildings, Space and Equipment.
- (b) Disposition of premises altered or constructed.
  - (1) The Contractor and DOE have developed mutually satisfactory arrangements for the lease and occupancy of real property of the Contractor upon which structures and other improvements financed by the Government may be constructed or altered. These lease and occupancy agreements are identified in Appendix D to this contract. These arrangements also cover the disposition of such structures and improvements. The basic terms and conditions applicable to arrangements for property of the Contractor known as the Wilson Tract, Plots "0" and "M" and the regular Contractor campus (herein deemed to include the Bailey Tract and two sections of state Contractor Tract) are set forth in Appendix D. It is understood that, except as provided in Appendix D, DOE shall have no obligation to restore the premises with respect to such structures and improvements.
  - (2) It is understood that with respect to construction and alterations financed by the Government to Contractor owned buildings and structures under this contract, the Contractor, after termination or by mutual agreement at any time prior thereto, shall elect whether (i) to retain the benefit of such construction or alteration, in which case the Contractor shall return to or credit the Government with the portion of the reimbursement by the Government for its expenditures therefore determined by negotiation between the Contractor and DOE to be fair and proper, or (ii) to have such premises restored to substantially the same condition as prior to such alteration or construction, in which case the Contractor shall retain all such reimbursement and the Government shall pay the net cost of such restoration; provided that as to any such alteration or construction commenced after October 1, 1962, the Government shall be under no obligation to restore or bear costs of restoration except as otherwise agreed upon.

- (c) Responsibility for environmental restoration and remedial work. Upon termination or expiration of this contract or any lease or occupancy agreements identified in Appendix D, DOE shall be responsible for complying with applicable laws, regulations, and DOE directives requiring investigation, monitoring, cleanup, containment, restoration, removal, or other remedial activity with respect to any hazardous substances present in the soil, ground water, or buildings as a result of activities conducted during the term of this contract or any prior contract modifications or during the term of any said lease or occupancy agreements.

#### H.41 - PENSION PLAN

- (a) The following stipulations apply, as appropriate, to the University of California Retirement Plan (UCRP) which covers University of California employees working under contracts at DOE-owned and Contractor-operated facilities. All assets and liabilities associated with employee contributions to the Contractor's Defined Contribution Plan and the Tax-Deferred 403(b) Plan shall be excluded from these principles and procedures.
- (b) Basic requirements.
  - (1) DOE shall be notified prospectively of each change to the UCRP that could have a significant impact on current or future Departmental funding or liabilities; including either:
    - (i) Any change to a benefit, right or feature of the Plan or any change to a funding method or assumption, or
    - (ii) Any change that requires the approval of the Regents of the University of California.
  - (2) Prospective notice will be provided to the DOE for each newly adopted pension plan change requiring prospective notice as described in subparagraph (b)(1)(i) or (ii) above, including any changes to non-DOE-reimbursed segments of commingled pension plans.
  - (3) For purposes of this clause, prospective notice shall mean written notice, including a copy of the proposed change, at least thirty (30) days in advance of approval of each change to the UCRP by the Regents of the University as trustees of the pension plan.
  - (4) The pension plan shall be submitted to an annual, full-scope audit by an outside independent auditor. The Contractor shall provide a report of such

audit to DOE within nine months after the last day of the current plan year to which the audit applies.

- (5) The Contractor shall maintain a separate annual accounting of liabilities and assets attributable to each Laboratory. Market value of assets on an accrual basis at the beginning of a plan year shall equal the assets at market value on an accrual basis at the end of the prior year based on the separate annual accounting of the prior plan year. The procedures for annual accounting of contributions to UCRP are for each plan year (July 1 through June 30), the Contractor will provide an annual accounting of assets associated with DOE-funded employer contributions and employee contributions under Contract No. DE-AC02-05CH11231, as follows:
- (i) Market value of assets at the beginning of a plan year;
  - (ii) (A) Employer contributions made during a plan year, less the employer contributions transferred to the Social Security Administration on behalf of contract employee members of UCRP who elected Social Security coverage in 1976 or 1977; and  
(B) Employee contributions made during a plan year, less the employee contributions transferred to the Social Security Administration on behalf of contract employee members of UCRP who elected Social Security coverage in 1976 or 1977.
  - (iii) The dollar amount of investment income from applying the rate of return on the accrual-basis market value of UCRP assets to subparagraphs (b)(5)(i), (ii), (iv) and (v);
  - (iv) Benefits disbursed on account of Contract employees during the plan year, including return of accumulated employee contributions;
  - (v) Administrative expenses paid from the trust shall be allocated to the Laboratory in the same proportion that the market value of assets assigned to the Laboratory segment bears to the market value of the total asset fund as of the beginning of the plan year. However, there may be situations agreed to by the DOE where specific expenses would directly be charged to each Laboratory in addition to the proportionate share of expenses; and
  - (vi) Market value of assets at the end of the plan year = (b)(5)(i) + (ii) + (iii) - (iv) - (v). The annual accounting shall include the market



value of such assets as of June 30, 1991, and as of the end of each plan year thereafter.

- (6) *Contract Service* means work performed within the scope of work under this contract or predecessor contract.
- (7) *Contract service assets* means the accrual basis market value given by the accounting which is referred to in subparagraph (b)(5).
- (8) *Disaffiliation* means the cessation of the contractual relationship between the Contractor and the Department of Energy with respect to LBNL.
- (9) All plan provisions of the UCRP are applicable to all eligible employees of the Contractor, including those employed at the Laboratory and, as such, a single contribution rate, expressed as a percentage of covered compensation, is calculated for the Plan. This single rate is to be applied to all members of the Plan in order to determine the contribution, if any. For purposes of assessing the liabilities of the DOE segment of the Plan as described in paragraphs (e), (f), and (g), the DOE will have no liabilities to the Plan beyond that associated with Laboratory employees who are members of the Plan for work under this contract.
- (10) The DOE will be given prospective notice of any changes in administration costs of five percent or more, and the reason for any such changes. Changes in administration costs resulting directly from normal inflation in administration costs or per specific DOE requests do not require notice.
- (11) If and when the funded status (measured by dividing the actuarial value of assets by the entry age liability of UCRP), reaches 150 percent, the President of the University will initiate a review of the surplus situation and provide to DOE a copy of the Contractor's recommendations to bring the fund into conformity with the long-term needs of the Plan. Any recommendations by the Contractor for the disposition of the Plan assets in connection with a Plan termination or spin-off will be consistent with the then applicable federal and state laws relating to qualified pension plans and ensure equitable distribution of excess Plan assets to DOE and the University-reimbursed Plan segments as provided in this clause.
- (12) The DOE will pay costs for any special retirement and/or actuarial analysis that it requests during the period of the contract.
- (13) DOE has the right to take any action it deems appropriate and consistent with applicable law with reference to the pension plan.

- (14) The Contractor shall provide notice to the Contracting Officer of Plan participants transferring from non-LBNL operations to LBNL operations, and vice-versa, on a quarterly basis with such information and as directed by the Contracting Officer.
- (c) Funding requirements.
- (1) Contributions to the Plan will be based on the actuarial valuation for the Plan and will be approved by the Contractor's Plan Trustees (The Regents of the University of California).
- (2) DOE agrees to continue to fund for the Contract term(s), as extended, the employer cost of UCRP for Contract employees at the contribution rates established from time to time by Contractor, subject to the following restriction: The DOE funded contribution shall not exceed the full funding limit as defined in the Internal Revenue Code, Section 412.
- (3) The DOE funding policy is intended to be congruent with the basic objectives of the cost accounting standards (CAS) and will generally result in funding consistent with the CAS. If this policy causes a temporary, technical inconsistency with the CAS, the Contractor shall immediately notify the cognizant Contracting Officer and CH's Chief Financial Officer. Contractors have recourse to the cost principles found at FAR 31.203, 31.205-6, and 31.205-10 and shall avoid penalties on that basis.
- (4) If members of each Laboratory managed by the Contractor for DOE transfer from the Contractor's private operations to the DOE Laboratories, or vice versa, appropriate annual adjustments shall be made to the pension fund or segments' assets and liabilities.
- (d) Reporting requirements for designated contracts. The following reports shall be submitted within nine months of the last day of the current plan year to DOE for each Laboratory.
- (1) Any annual actuarial valuation report which includes information in the annual separate actuarial valuations for each Laboratory managed by the Contractor for DOE which DOE may reasonably request. DOE shall pay the cost of all separate valuations. At a minimum, these reports shall include: an itemized cashflow; the aggregate covered compensation; a distribution of active members by age, service, and salary; separate distributions of retirees and terminated vested members by age, benefit amount, and time expired since retirement or separation; a brief description of each amortization base, if any, and its date, original amount, and annual payment; an itemization of the changes in the numbers of

actives, retirees and terminated vested members during the plan year; the rate of interest currently credited to employee contributions; a statement of the Financial Accounting Standards (FAS) 35 liabilities; a statement of the current liability under Internal Revenue Code Section 412; a development of the total actuarial gain or loss; a statement of actuarial assumptions and methods; calculation of the assets of each Laboratory; calculation of the actuarial asset value; calculation of contribution requirements; and a statement of the changes, if any, in benefits, assumptions or methods since the last report.

- (2) A copy of the Financial Accounting Standards Board Statement ASC 715 report prepared each year to satisfy the expense-reporting requirement of the Office of Management and Budget.
  - (3) In order to report the funded status (surplus or deficit) of each Laboratory's portion of UCRP to the DOE, the Contractor will measure the liabilities using the Entry Age Normal actuarial method and the Actuarial Value of Assets as defined in the valuation report indicated in subparagraph (d)(1) above.
- (e) Terminating operations. When operations at a DOE Laboratory are terminated and no further work is to occur under this contract, the following rules shall apply:
- (1) No further benefits for service shall accrue after the Contract termination date, or such earlier date as agreed to by the DOE and the Contractor.
  - (2) The Contractor shall return the DOE portion of the UCRP assets [as defined herein below] by means of a (1) spin-off and termination of the spun-off plan and reversion pursuant to IRC Section 414(l) and ERISA Section 4044, (2) spin off and plan merger pursuant to IRC 414(l), or (3) otherwise transferred at DOE's direction at DOE's sole discretion subject to applicable law. In the case of (2) above, the merger shall be a merger of all DOE assets and all DOE liabilities with another DOE Contractor's DOE-site pension plan.
  - (3) Procedures with respect to the spin-off and reversion.
    - (i) For purposes of spin-off, all Contract Service active liabilities for the Laboratory's UCRP members and all Contract Service inactive liabilities for the Laboratory's UCRP members shall be valued using the UCRP plan provisions, actuarial assumptions, and actuarial cost methods that were used to prepare that UCRP actuarial valuation which is most recent as of the effective date of the spin-off and Contract Service to date of spin-off. For purposes of this

subparagraph (e)(3), the aforementioned valuation of the Contract Service inactive liabilities shall be known as “B”. The UCRP shall retain full and exclusive responsibility for the Contract Service inactive liabilities. For this purpose, “inactive” shall refer to those vested UCRP members who have earned Contract Service and who do not become participants in the spun-off plan.

- (ii) Assets transferring to the plan that is spun off shall equal A-B for which A is the value of assets on the effective date of spin-off that is provided by the formula in subparagraph (b)(5) and B is as defined in subparagraph (e)(3)(i), above. Any delay in transfer of assets shall augment the amount A-B by interest on that amount in accordance with the clause of this contract entitled “Interest”, as of the effective date of spin-off. The sponsor of the spun-off plan shall have full and exclusive responsibility for the Contract Service active liabilities.
- (iii) The Parties agree that any disposition of Contract Service assets or transfer of liabilities upon a spin-off shall be consistent with the then applicable federal and state laws relating to qualified defined benefit pension plans and shall be subject to obtaining such rulings and/or approvals from cognizant federal and state agencies as may be required by law or deemed prudent by the Contractor or DOE.
  - (A) When a Spin-off Plan has been established, UCRP shall retain the liabilities associated with pensioners, members receiving UCRP disability income, terminated vested participants, survivors, contract employees who are retained by the Contractor, and anyone else who is not an active employee under the Spin-off Plan.
  - (B) Under a Spin-off Plan acceptable to the DOE in its sole discretion and which fulfills all of the Contractor’s fiduciary responsibilities under applicable law, and which further assumes UCRP liabilities for transferred contract employees, the Contractor agrees to transfer to the trustees of the Spin-off Plan an amount equal to the Contract service assets to be transferred as determined above. Such amount shall be transferred as investment holdings of the UCRP, plus any necessary United States Currency, or, by mutual agreement of the Parties, the total amount may be transferred as United States Currency. Agreement by the DOE and Contractor will not be unreasonably withheld.

1. If the asset transfer to the Spin-off Plan is made in the form of investment holdings, such holdings shall include cash, equity securities, and fixed income securities, but shall exclude any investment holding (and earnings thereon) acquired from the effective date of the spin-off. Such assets shall be allocated on a pro-rated basis, with proration for fixed income assets based on rating and sector classification. The pro-rata allocation shall be the ratio of (A) to (B) where, (A) is the Contract service assets referred to in subparagraph (e)(3)(ii) above; and (B) is the total assets of the Retirement Fund of UCRP at market value as of the effective date of disaffiliation. If transfer of assets cannot be accomplished on the effective date of disaffiliation, assets shall be converted on that date to U.S. Currency and interest shall be credited on those assets as provided in subparagraph (e)(3)(ii) above.
2. The Contractor will transfer assets at a rate at least sufficient to meet the cashflow requirement of transferred employees who go into benefit status under the Spin-off Plan.

- (iv) Subsequent to a termination of the Spin-off Plan, the Contractor shall return the remaining assets (less any tax or other liabilities imposed upon the Contractor because of the receipt of such assets) to DOE.

The Contractor shall not terminate any DOE-reimbursed benefit plan without the DOE's approval. It is the intention of the DOE not to entertain any enhancements in these programs after the Contractor announces the intention not to renew the contract.

- (f) Contract termination and selection of a successor contractor. Should another contractor, including any contractual entity that includes the University of California, replace the Contractor, the following become requirements:

- (1) Liabilities for present and future benefits of Contract employees in the event there is a successor plan. The liabilities as of the effective date of disaffiliation for members shall be calculated by using the UCRP Plan provisions, actuarial assumptions, and actuarial cost methods as then in effect. Only persons employed by the successor contractor shall be covered by the successor pension plan.

- (2) Contract service assets in the event there is a successor pension plan.
- (i) For purposes of disaffiliation as used in subparagraphs (e) and (f) herein, all Contract Service active liabilities for the Laboratory's UCRP members and all Contract Service inactive liabilities for the Laboratory's UCRP members shall be valued using the UCRP plan provisions, actuarial assumptions, and actuarial cost methods that were used to prepare that UCRP actuarial valuation which is most recent as of the effective date of disaffiliation and Contract Service to date of disaffiliation. For purposes of subparagraph (f)(2), the aforementioned valuation of the Contract Service inactive liabilities shall be known as B. The UCRP shall retain full and exclusive responsibility for the Contract Service inactive liabilities. For purposes of subparagraph (f)(2), "inactive" shall refer to those vested UCRP members who have earned Contract Service and who do not become participants in a plan sponsored by the successor Contractor.
  - (ii) Assets transferring to the plan that is spun off shall equal  $A-B$  for which A is the value of assets on the date of disaffiliation that is provided by the formula in subparagraph (b)(5) and B is as defined in subparagraph (f)(2)(i), above. Any delay in transfer of assets shall augment the amount  $A-B$  by interest on that amount in accordance with the clause of this contract entitled "Interest", as of the effective date of disaffiliation. The successor Contractor shall have full and exclusive responsibility for the Contract Service active liabilities.
  - (iii) Notwithstanding the provisions of this paragraph (f), the Parties further agree to consider the desirability of covering pensioners, survivors, UCRP disability recipients, and terminated vested and nonvested members under a successor plan.
- (3) Disposition of contract service assets and liabilities. The Parties agree that any disposition of contract service assets or transfer of liabilities upon Contract termination shall be consistent with the then applicable federal and state laws relating to qualified defined benefit pension plans and shall be subject to obtaining such rulings and/or approvals from cognizant Federal and State agencies as may be required by law or deemed prudent by the Contractor or DOE.
- (i) Retention of assets and liabilities. When a successor pension plan has been established by a successor Contractor, UCRP shall retain

the liabilities associated with pensioners, survivors, UCRP disability recipients, and terminated vested and nonvested members and active members who are retained by the Contractor as determined in subparagraph (f)(1) above.

- (ii) Transfer of assets and liabilities to successor pension plan. Under a successor pension plan acceptable to the DOE and which fulfills all of the Contractor's fiduciary responsibilities under applicable law, and which further assumes UCRP liabilities for transferred Contract employees, the Contractor agrees to transfer to the trustees of such successor plan an amount equal to the contract service assets as determined in subparagraph (f)(2) above. Such amount shall be transferred as investment holdings of the UCRP, plus any necessary United States Currency, or, by mutual agreement of the Parties, the total amount may be transferred as United States Currency. Agreement by the DOE and Contractor will not be unreasonably withheld.
  - (A) If the asset transfer to the successor Contractor's trust is made in the form of investment holdings, such holdings shall include cash, equity securities and fixed income securities, but shall exclude investment holdings (and earnings thereon) acquired after the effective date of disaffiliation. Such assets shall be allocated on a pro-rated basis, with proration for fixed income assets based on rating and sector classification. The pro-rata allocation shall be the ratio of (A) to (B) where, (A) is the contract service assets referred to in subparagraph (f)(2) above and (B) is the total assets of the Retirement Fund of UCRP at market value as of the effective date of disaffiliation. If transfer of assets cannot be accomplished on the effective date of disaffiliation, assets shall be converted on that date to U.S. Currency and interest then shall be credited on those assets as provided in (f)(2)(ii).
  - (B) The Contractor will transfer assets at a rate at least sufficient to meet the cashflow requirement of transferred employees who go into benefit status under the successor plan.
  - (C) If the transfer is made as United States Currency, the transfer shall be increased to include interest on the amount at the rate specified in the clause of this contract entitled "Interest".

(g) UCRP plan termination.

- (1) In the unlikely event of termination of the entire UCRP, the Contractor shall not terminate any pension plan (commingled or site-specific) without notifying the Department at least 60 days prior to the scheduled date of plan termination, or if earlier, 60 days before plan members are notified of the plan termination.
- (2) The Contractor may satisfy plan liabilities to all plan members by the purchase of annuities through competitive bidding on the open annuity market or through the payment of lump sums. Any competitive annuity bid process must include at least five bidders, if possible, who satisfy the criteria listed in the United States Department of Labor Interpretive Bulletin 95-1. The final selection of insurance company(ies) shall be based upon a review of the bids of the qualifying companies, along with a prudent assessment of the quality of the annuity providers. The Contractor may also satisfy plan liabilities to plan members through lump sum distributions. Lump sum distributions shall be calculated in accordance with the terms of the UCRP.
- (3) Notwithstanding the provisions in subparagraph (g)(2), if the DOE has a dispute with the Contractor's selection of an annuity provider(s) or the assumptions or methods for determining the lump sum distributions, the DOE may negotiate with the Contractor an alternative that would resolve its concerns.
- (4) DOE-reimbursed assets which are in excess of the DOE liability shall revert to DOE with interest. Interest shall accrue from the effective date of plan termination at the rate specified in the clause of this contract entitled "Interest".

(h) Financial requirement.

- (1) Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination under paragraph (g) above shall accrue interest from the effective date of termination until the date of payment or transfer.
- (2) Special programs. The Contractor shall advise DOE in advance of each early-out program, window benefit, disability program, plan-loan feature, employee contribution refund, asset reversion, or incidental benefit. Any UCRP retirement system programs proposal that is Laboratory specific and that would increase the cost of the Contract beyond that approved by the Contractor for Contractor employees, reduce plan surplus, or increase



plan liabilities shall require advance approval by the Contracting Officer and the Contractor.

(i) Post-Contract Responsibilities for Pension and Benefit Plans

If this contract expires or terminates without a follow-on contract, notwithstanding any other obligations and requirements concerning expiration or termination under any other clause of this contract, including but not limited to the clause of the contract entitled "Termination", the following actions shall occur:

- (1) The Contractor shall continue as plan sponsor of all existing and follow-on pension and welfare benefit plans covering site personnel with responsibility for management and administration of the plans, as directed by DOE, at DOE's sole discretion.
- (2) During the final 12 months of this contract if the parties have not reached agreement on these matters, the Contracting Officer shall provide written direction regarding the provision of post-contract pension and welfare benefits.
- (3) Notwithstanding termination for convenience or default, the contract may be extended as appropriate for purposes deemed necessary by the Contracting Officer, including, but not limited to, obligating funds to pay the Contractor for costs incurred for the Contractor's existing and, if applicable, follow-on, site pension and welfare benefit plans. Such costs shall continue to be allowable in accordance with applicable laws and regulations
- (4) DOE-approved pension and welfare plan contributions and plan administration costs, and pension plan asset management costs, will continue to be allowable and fully reimbursed under this contract, unless other arrangements have been approved by the Contracting Officer.

H.42 - RESERVED

H.43 - SPECIAL FINANCIAL INSTITUTION ACCOUNT AGREEMENT

DOE shall make arrangements with the Contractor to execute a Special Financial Institution Account Agreement (Appendix C to the Contract), in accordance with DOE requirements and provide said Agreement to the Contractor for its execution. Upon execution by the Contractor, said Agreement shall supercede the existing Appendix C

attached to this Contract and shall be substituted therefore without any further action of the Parties.

#### H.44 - AGREEMENTS AND COMMITMENTS

- (a) The resources proposed by the Contractor and accepted by the Government are incorporated into the contract as set forth below:

None

The Contractor shall provide the above described resources in the amount, manner, and schedule as specified in Contractor's response to Provision L.8(d) of RFP No. DE-RP02-04CH11231. If the Contractor fails to provide any or all of these resources or to make progress toward providing these resources, the Government may exercise any of its rights and remedies under the contract, including those contained in the provision of the Section I clause entitled, "Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts, Alternate I."

- (b) Any costs incurred by the Contractor in providing any of these resources are expressly unallowable under the contract.

#### H.45 - SPECIAL AGREEMENT ON FEE FOR JUNE 1, 2005, TO SEPTEMBER 30, 2006

Notwithstanding the provisions of Clause B-3 (b), the maximum fee payable to the Contract for the period June 1, 2005, to September 30, 2006, will be \$4,000,000 and the government releases its contingent interest in \$2,053,455.50 in Contractor reserves created from fees earned under Contract DE-AC03-76SF00098.

#### H.46 - RESERVED

#### H.47 - IMPLEMENTATION OF DESIGNATED STANDARD CLAUSES AND DIRECTIVES

To promote effective contract administration, the Parties have entered into advance understandings with respect to implementation of designated contract clauses and have documented them in Appendix P, "Advance Understandings Regarding Implementation of Designated Contract Clauses and Directives," to this Contract.

#### H.48 - COMMON SECURITY CONFIGURATIONS IN INFORMATION TECHNOLOGY ACQUISITIONS

All information technology acquisitions shall include the appropriate information technology security policies and requirements, including use of common security configurations available from the National Institute of Standards and Technology's website at <http://checklists.nist.gov> commensurate with the mission of the contract and conducive to the research and development efforts of the laboratory. This requirement shall be included in all subcontracts which are for information technology acquisitions; and the Laboratory CIO shall annually certify to the DOE Site Office Contracting Officer that this requirement is being incorporated into information technology acquisitions.

#### H.49 - CONFERENCE SPENDING CONSOLIDATED AND FURTHER CONTINUING APPROPRIATIONS ACT, 2013 FOR MANAGEMENT AND OPERATING CONTRACTS (MAY 2013)

The Contractor agrees that:

- (a) No cost associated with conference activities shall be allowable under this contract unless the conference is directly and programmatically related to the purpose of the contract and the specific work authorization/order/task directing the conference activities.
- (b) The Contractor shall follow the most current guidance issued by DOE concerning reporting of conference related activities and spending. The Contractor shall request, obtain approval (if \$100,000 or greater), and report all conference activities through the Conference Management Reporting and Approval Tool on the DOE iPortal at <https://iportal.doe.gov>.
- (c) While a conference may be approved by DOE based on estimated cost and attendance to ensure federal funds are used for purposes that are appropriate, cost effective, and important to the core mission, only the Contracting Officer has authority to determine if the costs incurred by the Contractor are allowable, allocable, and reasonable.
- (d) The Contractor and its employees, its sponsors, hosts and attendees shall aggressively seek to limit costs associated with a conference. Conference expenditures shall be kept to the minimum necessary to carry out the Department's mission and consistent with applicable portions of the Federal Travel Regulation, and 48 CFR chapter 1, the Federal Acquisition Regulation.
- (e) The Contractor shall ensure its conference attendees conduct themselves with the highest level of professionalism and ethical behavior consistent with that expected of DOE employees.

- (f) The Contracting Officer will ensure conference activities are included in the Contractor's annual audit plan.

## H. 50 - RISK MANAGEMENT AND INSURANCE PROGRAMS

Contractor officials shall ensure that the requirements set forth below are applied in the establishment and administration of DOE-funded prime cost reimbursement contracts for management and operation of DOE facilities and other designated long-lived onsite contracts for which the contractor has established separate operating business units.

### 1. BASIC REQUIREMENTS

- a. Maintain commercial insurance or a self-insured program, (i.e., any insurance policy or coverage that protects the contractor from the risk of legal liability for adverse actions associated with its operation, including malpractice, injury, or negligence) as required by the terms of the contract. Types of insurance include automobile, general liability, and other third party liability insurance. Other forms of coverage must be justified as necessary in the operation of the Department facility and/or the performance of the contract, and approved by the DOE.
- b. Contractors shall not purchase insurance to cover public liability for nuclear incidents without DOE authorization (See DEAR 970.5070, Indemnification, and DEAR 950.70, Nuclear Indemnification of DOE Contractors).
- c. Demonstrate that insurance programs and costs comply with the cost limitations and exclusions at FAR 28.307, Insurance Under Cost Reimbursement Contracts, FAR 31.205-19, Insurance and Indemnification, DEAR 952.231-71 Insurance-Litigation and Claims, and DEAR 970.5228-1, Insurance-Litigation and Claims.
- d. Demonstrate that the insurance program is being conducted in the government's best interest and at reasonable cost.
- e. The contractor shall submit copies of all insurance policies or insurance arrangements to the Contracting Officer no later than 30 days after the purchase date.
- f. When purchasing commercial insurance, the contractor shall use a competitive process to ensure costs are reasonable.
- g. Ensure self-insurance programs include the following elements:

- (1) Compliance with criteria set forth in FAR 28.308, Self-Insurance. Approval of self-insurance is predicated upon submission of verifiable proof that the self-insurance charge does not exceed the cost of purchased insurance. This includes hybrid plans (i.e., commercially purchased insurance with self-insured retention (SIR) such as large deductible, matching deductible, retrospective rating cash flow plans, and other plans where insurance reserves are under the control of the insured). The SIR components of such plans are self-insurance and are subject to the approval and submission requirements of FAR 28.308, as applicable.
  - (2) Demonstration of full compliance with applicable state and federal regulations and related professional administration necessary for participation in alternative insurance programs.
  - (3) Safeguards to ensure third party claims and claims settlements are processed in accordance with approved procedures.
  - (4) Accounting of self-insurance charges.
  - (5) Accrual of self-insurance reserve. The Contracting Officer's approval is required and predicated upon the following:
    - (a) The claims reserve shall be held in a special fund or interest bearing account.
    - (b) Submission of a formal written statement to the Contracting Officer stating that use of the reserve is exclusively for the payment of insurance claims and losses, and that DOE shall receive its equitable share of any excess funds or reserve.
    - (c) Annual accounting and justification as to the reasonableness of the claims reserve submitted for Contracting Officer's review.
    - (d) Claim reserves, not payable within the year the loss occurred, are discounted to present value based on the prevailing Treasury rate.
- h. Separately identify and account for interest cost on a Letter of Credit used to guarantee self-insured retention, as an unallowable cost and omitted from charges to the DOE contract.

- i. Comply with the Contracting Officer's written direction for ensuring the continuation of insurance coverage and settlement of incurred and/or open claims and payments of premiums owed or owing to the insurer for prior DOE contractors.
2. PLAN EXPERIENCE REPORTING. The Contractor shall:
- a. provide the Contracting Officer with annual experience reports for each type of insurance (e.g., automobile and general liability), listing the following for each category:
    - (1) The amount paid for each claim.
    - (2) The amount reserved for each claim.
    - (3) The direct expenses related to each claim.
    - (4) A summary for the year showing total number of claims.
    - (5) A total amount for claims paid.
    - (6) A total amount reserved for claims.
    - (8) The total amount of direct expenses.
  - b. provide the Contracting Officer with an annual report of insurance costs and/or self-insurance charges. When applicable, separately identify total policy expenses (e.g., commissions, premiums, and costs for claims servicing) and major claims during the year, including those expected to become major claims (e.g., those claims valued at \$100,000 or greater).
  - c. provide additional claim financial experience data as may be requested on a case-by-case basis.
3. TERMINATING OPERATIONS. The Contractor shall:
- a. ensure protection of the government's interest through proper recording of cancellation credits due to policy terminations and/or experience rating.
  - b. identify and provide continuing insurance policy administration and management requirements to a successor, other DOE contractor, or as specified by the Contracting Officer.

- c. reach agreement with DOE on the handling and settlement of self insurance claims incurred but not reported at the time of contract termination; otherwise, the contractor shall retain this liability.
4. SUCCESSOR CONTRACTOR OR INSURANCE POLICY CANCELLATION. The Contractor shall:
- a. obtain the written approval of the Contracting Officer for any change in program direction; and
  - b. ensure insurance coverage replacement is maintained as required and/or approved by the Contracting Officer.