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**SECTION B: SUPPLIES OR SERVICES AND PRICES/COSTS**

**B-1 SERVICES BEING ACQUIRED**

**CLIN 0001 MANAGEMENT AND OPERATION OF THE NATIONAL SECURITY CAMPUS**

In accordance with the terms and conditions of this Contract, the Contractor shall provide the personnel, equipment, materials, supplies, and services (except as may be furnished by the Government) and otherwise do all things necessary for, or incidental to, the efficient, effective, and safe management and operation of the National Security Campus (NSC) (formerly known as the Kansas City Plant).

**CLIN 0001A TRANSITION TERM (MODIFIED 0006)**

The Transition Term will be four months, on a cost reimbursement (no fee) basis, with an estimated cost of \$233,076.

**CLIN 0001B BASE TERM**

The Base Term is five years of performance on a cost-plus-award-fee basis.

**CLIN 0001C OPTION TERM 1**

Option Term 1 is one year of performance on a cost-plus-award-fee basis.

**CLIN 0001D OPTION TERM 2**

Option Term 2 is one year of performance on a cost-plus-award-fee basis.

**CLIN 0001E OPTION TERM 3**

Option Term 3 is one year of performance on a cost-plus-award-fee basis.

**CLIN 0001F OPTION TERM 4**

Option Term 4 is one year of performance on a cost-plus-award-fee basis.

**CLIN 0001G OPTION TERM 5**

Option Term 5 is one year of performance on a cost-plus-award-fee basis.

**CLIN 0002 WORK FOR OTHERS AND OTHER REIMBURSABLE WORK (MODIFIED 0017)**

“Reimbursable work” as used herein is the work performed by the Contractor that is not funded out of the Laboratory Table included in the President’s annual budget request for

the National Security Campus. The Contractor shall, in accordance with Section J, Appendix A, Chapter II, paragraph 8.1 Work for Others (WFO) Program, and all other the terms and conditions of this Contract, provide the personnel, equipment, materials, supplies, and services, (except as may be furnished by the Government) and otherwise do all things necessary for, or incident to effectively, efficiently, and safely perform all Work For Others and other reimbursable work efforts as directed by the Contracting Officer.

**CLIN 0002A BASE TERM**

The Base Term is five years of performance on a cost-plus-fixed-fee basis.

**CLIN 0002B OPTION TERM 1**

Option Term 1 is one year of performance on a cost-plus-fixed-fee basis.

**CLIN 0002C OPTION TERM 2**

Option Term 2 is one year of performance on a cost-plus-fixed-fee basis.

**CLIN 0002D OPTION TERM 3**

Option Term 3 is one year of performance on a cost-plus-fixed-fee basis.

**CLIN 0002E OPTION TERM 4**

Option Term 4 is one year of performance on a cost-plus-fixed-fee basis.

**CLIN 0002F OPTION TERM 5**

Option Term 5 is one year of performance on a cost-plus-fixed-fee basis.

**B-2 CONTRACT TYPE AND VALUE (MODIFIED 0017, 0037)**

- (a) This is a performance-based Management and Operating (M&O) Contract with cost-plus-award-fee provisions.
- (b) “DOE/NNSA work” as used herein is the work performed by the Contractor that is funded out of the Laboratory Table included in the President’s annual budget request for the National Security Campus. The estimated cost, award fee available, and award fee earned for CLIN 0001 (DOE and NNSA work) is set forth in Table 1 below:

Table 1 -- CLIN 0001 -- Management and Operation of NSC

<b>Contract Period</b>	<b>Estimated Cost</b>	<b>Base Fee</b>	<b>Award Fee Available</b>	<b>Award Fee Earned</b>	<b>Total Fee Earned (Base + Award Fee)</b>
Transition Term	\$ 233,076	\$0	\$0	\$0	\$0
Base Term (Year 1)	\$592,579,636	\$0	\$29,333,000	\$27,103,693	\$27,103,693
Base Term (Year 2)	\$605,912,677	\$0	\$29,993,000		
Base Term (Year 3)	\$619,242,756	\$0	\$30,653,000		
Base Term (Year 4)	\$632,618,400	\$0	\$31,315,000		
Base Term (Year 5)	\$646,662,528	\$0	\$32,010,000		
Option Term 1 (if exercised)	\$661,341,768	\$0	\$32,737,000		
Option Term 2 (if exercised)	\$676,354,226	\$0	\$33,480,000		
Option Term 3 (if exercised)	\$691,707,467	\$0	\$34,240,000		
Option Term 4 (if exercised)	\$707,409,226	\$0	\$35,017,000		
Option Term 5 (if exercised)	\$723,467,416	\$0	\$35,812,000		

- (c) The estimated cost and fixed fee for CLIN 0002 (Work for Others and Other Reimbursable Work) are set forth in Table 2 below. The estimated cost and the fixed fee for Work for Others and Other Reimbursable Work during the Base Term of the Contract and for each Option Term will be established by the NNSA prior to the commencement of the applicable fiscal year and will be revised and incorporated into the Table below through a modification to this clause. The Fixed-Fee for Work for Others and Other Reimbursable Work will be up to 4.7% of the estimated cost of all projects anticipated for the applicable fiscal year.

Table 2 CLIN 0002 -- Work for Others and Other reimbursable Work

<b>Contract Period</b>	<b>Estimated Cost</b>	<b>Fixed Fee*</b>	<b>Estimated Cost + Fixed Fee</b>
Base Term Year 1	\$297,455,000	\$13,980,000	\$311,435,000
Base Term Year 2	\$362,600,000	\$16,300,000	\$378,900,000
Base Term Year 3	\$TBD	\$TBD	\$TBD
Base Term Year 4	\$TBD	\$TBD	\$TBD
Base Term Year 5	\$TBD	\$TBD	\$TBD
Option Term 1 (if exercised)	\$TBD	\$TBD	\$TBD
Option Term 2 (if exercised)	\$TBD	\$TBD	\$TBD
Option Term 3 (if exercised)	\$TBD	\$TBD	\$TBD
Option Term 4 (if exercised)	\$TBD	\$TBD	\$TBD
Option Term 5 (if exercised)	\$TBD	\$TBD	\$TBD

### **B-3 CONTRACT FEE STRUCTURES**

- (a) Fixed fees (Work for Others) and available award fee. The fixed fees (Work for Others) and available award fee for the Base Term and each Option Term, if exercised by DOE/NNSA, are shown in the tables in paragraph B-2, *Contract Type and Value*. The Contractor shall be eligible to earn award fee of \$153,304,000 during the Base Term (CLIN 0001B), subject to its performance under the annual Award Fee Plan. The award fee decision is a unilateral decision of the Fee Determining Official (FDO) based on the Contractor's performance rating under this Contract in accordance with the Award Fee Plan, and the terms and conditions of the Contract. The award fee earned is payable in accordance with the contract clause DEAR 970.5232-2, *Payments and Advances*.
- (b) Payment of Fixed Fee (Work for Others) and Provisional Payment of Award Fee
- (i) The fixed fee (Work for Others) for the Base Term of the Contract shall be paid monthly at the rate of one-twelfth (1/12) of the annual fixed fee payable for CLIN 0002. Such payment amounts are to be drawn down by the Contractor from the Contract's special financial institution account in monthly installments on the last day of each month.
  - (ii) The award fee is authorized for draw down by the Contractor from the Contract's special financial institution account as follows:

- (A) In monthly provisional fee payments equivalent to 3% of the available award fee; or
  - (B) Upon completion of milestones or any other methodology as set forth in the Award Fee Plan and its supporting documentation; and
  - (C) The balance, if any, upon issuance of the Contracting Officer's notification in accordance with Section B, B-5, Performance Evaluation.
  - (D) If the provisional payments made above exceed the Award Fee earned or the Contractor fails to fully accomplish the objective/incentive for which it has received milestone completion or provisional payments, the Contracting Officer will determine if the Contractor is to refund all or part of the provisional fee it has received. Any refund made shall include interest. Interest will be paid at the published prime rate of the financial institution (depository) in which the special account is established or at the interest rate established by the Secretary of the Treasury as provided in Section 12 of the Contract Disputes Act of 1978 (Public Law 95-563), whichever is higher, which is applicable to the period in which any unearned payments were made. Interest paid resulting from this clause is an unallowable cost.
  - (E) The Contractor shall remit any balance due payable to the Government in accordance with directions to be provided by the Contracting Officer.
- (c) Unearned award fee will not be available for future performance periods.

#### **B-4 KEY PERSONNEL REPLACEMENT**

Unless approved in advance, in writing, by the Contracting Officer, should any Key Personnel be removed, replaced, or diverted by the Contractor for reasons under the Contractor's control (other than to maintain satisfactory standards of employee competency, conduct and integrity under the Contract's Section I clause entitled "DEAR 970.5203-3, Contractor's Organization"), within the first two years of the period of performance; or for a replacement Key Person within two years of being placed in the position, the Contractor shall forfeit two years of the DOE/NNSA reimbursable annual salary, bonuses and relocation costs as well as associated burdens, for that position for each occurrence.

#### **B-5 PERFORMANCE EVALUATION**

- (a) Award Fee Plan. An Award Fee Plan will be developed by NNSA for this Contract which will document strategic performance expectations and the process

by which the Contractor's performance will be evaluated. The Parties will strive to reach mutual agreement on expected performance and will work together to establish the Award Fee Plan. In the event the parties cannot come to agreement, NNSA reserves the right to make the final decision and issue the Award Fee Plan unilaterally. The Award Fee Plan once finalized, whether bilaterally or unilaterally, will be incorporated into the Contract at Section J, Appendix B, by a formal contract modification. The Contracting Officer may revise the Plan, consistent with Section J, Appendix A, Statement of Work (SOW), during an evaluation period of performance and will incorporate any revisions through a contract modification. No changes will be made with less than 60 days remaining in the evaluation period.

- (b) Contractor Evaluation Self-Assessment Report. A periodic self-assessment may be prepared by the Contractor for consideration by the Government. If submitted, it shall be submitted no later than 7 calendar days after the end of an evaluation period.
- (c) Schedule. Within ten calendar days of the FDO final determination, the Contracting Officer will issue a modification to the Contract authorizing the payment of such fee.

#### **B-6 OBLIGATION OF FUNDS (Modified to 0041)**

Pursuant to this Section I clause entitled "DEAR 970.5232-4, *Obligation of Funds*," the total amount obligated by the Government with respect to this Contract is \$1,887,484,968.21 (Modified 0041)

#### **B-7 AVAILABILITY OF APPROPRIATED FUNDS**

Except as may be specifically provided to the contrary to Section I clause DEAR 952.250-70, *Nuclear Hazards Indemnity Agreement*, the duties and obligations of the Government hereunder calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the Congress, which DOE/NNSA may legally spend for such purposes.

**SECTION C: DESCRIPTION/SPECIFICATIONS/STATEMENT OF WORK**

**C-1 STATEMENT OF WORK**

The work to be performed is set forth in Section J, Appendix A, *Statement of Work*.

**SECTION D: PACKAGING AND MARKING**

**D-1 PACKAGING AND MARKING**

Packaging and marking of items to be delivered shall be in accordance with work authorization requirements or other written direction of the Contracting Officer or the Contracting Officer's Representative (COR).

**SECTION E: INSPECTION AND ACCEPTANCE**

**E-1 FAR 52.246-3 INSPECTION OF SUPPLIES -- COST-REIMBURSEMENT  
(MAY 2001)**

(a) *Definitions.* As used in this clause--

“Contractor’s managerial personnel” means any of the Contractor’s directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of --

- (1) All or substantially all of the Contractor’s business;
- (2) All or substantially all of the Contractor’s operation at a plant or separate location where the contract is being performed; or
- (3) A separate and complete major industrial operation connected with performing this contract.

“Supplies” includes but is not limited to raw materials, components, intermediate assemblies, end products, lots of supplies, and, when the contract does not include the Warranty of Data clause, data.

- (b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the supplies, fabricating methods, and special tooling under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.
- (c) The Government has the right to inspect and test the contract supplies, to the extent practicable at all places and times, including the period of manufacture, and in any event before acceptance. The Government may also inspect the plant or plants of the Contractor or any subcontractor engaged in the contract performance. The Government shall perform inspections and tests in a manner that will not unduly delay the work.
- (d) If the Government performs inspection or test on the premises of the Contractor or a subcontractor, the Contractor shall furnish and shall require subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.
- (e) Unless otherwise specified in the contract, the Government shall accept supplies as promptly as practicable after delivery, and supplies shall be deemed accepted 60 days after delivery, unless accepted earlier.

- (f) At any time during contract performance, but no later than 6 months (or such other time as may be specified in the contract) after acceptance of the supplies to be delivered under the contract, the Government may require the Contractor to replace or correct any supplies that are nonconforming at time of delivery. Supplies are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with contract requirements. Except as otherwise provided in paragraph (h) below, the cost of replacement or correction shall be included in allowable cost, determined as provided in the Allowable Cost and Payment clause, but no additional fee shall be paid. The Contractor shall not tender for acceptance supplies required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.
- (g)
- (1) If the Contractor fails to proceed with reasonable promptness to perform required replacement or correction, the Government may --
- (i) By contract or otherwise, perform the replacement or correction and charge to the Contractor any increased cost or make an equitable reduction in any fixed fee paid or payable under the contract;
- (ii) Require delivery of undelivered supplies at an equitable reduction in any fixed fee paid or payable under the contract; or
- (iii) Terminate the contract for default.
- (2) Failure to agree on the amount of increased cost to be charged to the Contractor or to the reduction in the fixed fee shall be a dispute.
- (h) Notwithstanding paragraphs (f) and (g) above, the Government may at any time require the Contractor to correct or replace, without cost to the Government, nonconforming supplies, if the nonconformances are due to --
- (1) Fraud, lack of good faith, or willful misconduct on the part of the Contractor's managerial personnel; or
- (2) The conduct of one or more of the Contractor's employees selected or retained by the Contractor after any of the Contractor's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.
- (i) This clause applies in the same manner to corrected or replacement supplies as to supplies originally delivered.

- (j) The Contractor shall have no obligation or liability under this contract to replace supplies that were nonconforming at the time of delivery, except as provided in this clause or as may be otherwise provided in the contract.
- (k) Except as otherwise specified in the contract, the Contractor's obligation to correct or replace Government-furnished property shall be governed by the clause pertaining to Government property.

(End of Clause)

**E-2 FAR 52.246-5 INSPECTION OF SERVICES – COST REIMBURSEMENT  
(APR 1984)**

- (a) *Definition.* "Services," as used in this clause, includes services performed, workmanship, and material furnished or used in performing services.
- (b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.
- (c) The Government has the right to inspect and test all services called for by the contract, to the extent practicable at all places and times during the term of the contract. The Government shall perform inspections and tests in a manner that will not unduly delay the work.
- (d) If any of the services performed do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, for no additional fee. When the defects in services cannot be corrected by reperformance, the Government may --
  - (1) Require the Contractor to take necessary action to ensure that future performance conforms to contract requirements; and
  - (2) Reduce any fee payable under the contract to reflect the reduced value of the services performed.
- (e) If the Contractor fails to promptly perform the services again or take the action necessary to ensure future performance in conformity with contract requirements, the Government may --
  - (1) By contract or otherwise, perform the services and reduce any fee payable by an amount that is equitable under the circumstances; or

(2) Terminate the contract for default.

(End of Clause)

**E-3 FAR 52.246-9 INSPECTION OF RESEARCH AND DEVELOPMENT (SHORT FORM) (APR 1984)**

The Government has the right to inspect and evaluate the work performed or being performed under the contract, and the premises where the work is being performed, at all reasonable times and in a manner that will not unduly delay the work. If the Government performs inspection or evaluation on the premises of the Contractor or a subcontractor, the Contractor shall furnish and shall require subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.

(End of Clause)

**E-4 INSPECTION AND ACCEPTANCE**

Inspection of all activities and acceptance for all work and effort under this Contract shall be accomplished by the Contracting Officer or any other duly authorized representative.

**SECTION F: DELIVERIES OR PERFORMANCE****F-1 FAR 52.242-15 STOP-WORK ORDER (AUG 1989) ALTERNATE I (APR 1984)**

- (a) The Contracting Officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of 90 days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of 90 days after a stop-work is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the Contracting Officer shall either--
- (1) Cancel the stop-work order; or
  - (2) Terminate the work covered by the order as provided in the Termination clause of this contract.
- (b) If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule, the estimated cost, the fee, or a combination thereof, and in any other terms of the contract that may be affected, and the contract shall be modified, in writing, accordingly, if--
- (1) The stop-work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this Contract; and
  - (2) The Contractor asserts its right to the adjustment within 30 days after the end of the period of work stoppage; provided that, if the Contracting Officer decides the facts justify the action, the Contracting Officer may receive and act upon the claim submitted at any time before final payment under this contract.
- (c) If a stop-work order is not canceled and the work covered by the order is terminated for the convenience of the Government, the Contracting Officer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.
- (d) If a stop-work order is not canceled and the work covered by the order is terminated for default, the Contracting Officer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

**F-2 STOP WORK IN EVENT OF IMMINENT DANGER**

The Contractor shall immediately cease any activity that is imminently dangerous to the life or health of the workers, the public, or the environment. In the event of imminent danger, any Federal or Contractor employee is authorized to instruct the Contractor to stop work. The Contracting Officer must be contacted immediately after the event such that a written stop-work order can be issued in accordance with Section F clause FAR 52.242-15, *Stop-Work Order, Alternate I*. Employees of the Contractor shall be apprised of their right to stop work pursuant to this clause. The Contractor shall include this clause in all subcontracts to be performed at the sites.

**F-3 PERIOD OF PERFORMANCE**

The period of performance of this Contract shall expire five years after completion of the Transition Term, unless sooner reduced, terminated or extended in accordance with this Contract. The period of performance may be extended in increments, or portions thereof, for up to an additional five (5) years of performance. The Contract's maximum period of performance, including the Transition Term and Option Term(s), if exercised, shall not exceed ten (10) years and four months. The period of performance of this Contract consists of:

- (1) Transition Term: A period of four months beginning on the effective date of the Contract. During the Transition Term, the Contractor shall perform the activities and provide the documents identified in Section F, F-7, *Deliverables During Transition* and Section J, Appendix C, *Transition Plan*. The Contractor's responsibility for management and operation of the National Security Campus shall commence with the Base Term.
- (2) Base Term: A period of five years beginning after completion of the Transition Term.
- (3) Option Term(s): A period from one to five years beginning after completion of the Base Term, if the DOE/NNSA chooses to exercise one or more of the following options:

Option Term 1: If exercised, one year from the end of the Base Term;

Option Term 2: If exercised, one year from the end of Option Term 1;

Option Term 3: If exercised, one year from the end of Option Term 2;

Option Term 4: If exercised, one year from the end of Option Term 3;

Option Term 5: If exercised, one year from the end of Option Term 4;

**F-4 PRINCIPAL PLACES OF PERFORMANCE**

The work under this Contract is to be carried out at a variety of locations within the United States. The principal places of performance are the National Security Campus in Kansas City, Missouri and Albuquerque, New Mexico.

**F-5 EVALUATION OF PERFORMANCE AND EXERCISE OF OPTION(S)**

The decision to extend this Contract will be a unilateral decision made by DOE/NNSA. Exercise of any option shall be in accordance with Section I clause FAR 52.217-9, *Option to Extend the Term of the Contract*. At a minimum, the DOE/NNSA will consider the following in determining whether to extend the Contract:

- (1) The Contractor's overall performance, taking into consideration performance evaluations pursuant to the Award Fee Plan;
- (2) The considerations under DEAR 970.1706-1(b) for exercising options under M&O contracts.

**F-6 DELIVERABLES**

The primary deliverable under this Contract is the production of nonnuclear components for nuclear weapons to support NNSA Stockpile Stewardship and Management Program activities directed by the Office of Defense Programs. This Contract also requires the delivery of documents, plans, and reports for review and approval. Additional deliverables under this Contract are described in Section H, *Special Contract Clauses*; Section I, *Contract Clauses*; Section J, Appendix A, *Statement of Work*; Appendix K, *List of Applicable Directives and NNSA Policy Letters*; and Appendix G, *Personnel Appendix*.

**F-7 DELIVERABLES DURING TRANSITION**

In addition to the transition deliverables identified elsewhere in this Contract, the following deliverables shall be submitted during the Transition Term:

- (a) Transition Plan

On the effective date of the Contract the Contractor shall provide, for approval by the Contracting Officer, a Transition Plan. The Transition Term is specified in paragraph F-3, *Period of Performance*. The Transition Plan is incorporated into Section J, Appendix C, *Transition Plan*.

- (b) Transition Cost Estimate

- (1) On the effective date of the Contract the Contractor shall provide, for approval by the Contracting Officer, a Transition Cost Estimate. The

Transition Cost Estimate shall include the costs associated with the Transition Plan and the costs necessary for the Contractor to meet the transition requirements during the Transition Term. A detailed schedule for accomplishment of these tasks during the Transition Term shall also be provided to support the requested cost estimate.

- (2) The Contractor shall provide a cost summary for the Transition Plan that clearly identifies, by cost element, the portion of the cost proposal that pertains to each participant (if a teaming arrangement is proposed), including subcontractors. In addition, each participant and each subcontractor must provide separate exhibits, summary schedules, and supporting cost information in the same format and level of detail as required below. A transition fee is not allowable.
  - (i) Labor: Identify proposed transition labor hours and unburdened labor rates by labor category and or/specific individual, including Key Personnel. Explain the basis for the proposed labor hour and labor rate estimates.
  - (ii) Indirects: Identify the cost elements included in each indirect rate cost pool and allocation base. Explain the basis of estimate for each indirect cost rate proposed and the methods used to derive the proposed rates.

(c) Conflict of Interest Compliance and Management Plan

The Contractor shall submit a Conflict of Interest Compliance and Management Plan (Plan) to the Contracting Officer for approval within 60 days after the effective date of this Contract. The Plan shall address the Contractor's approach for adhering to Section I clause DEAR 952.209-72, *Organizational Conflicts of Interest, Alternate I*, and describe its procedures for aggressively self-identifying and resolving both organizational and employee conflicts of interest. The overall purpose of the Plan is to demonstrate how the Contractor will assure that its operations meet the highest standards of ethical conduct, and how its assistance and advice are impartial and objective.

**SECTION G: CONTRACT ADMINISTRATION DATA**

**G-1 GOVERNMENT CONTACTS AND PROCEDURES (MODIFIED 0006)**

- (a) The Patent Counsel for items concerning patent, intellectual property, technology transfer, copyright, open source, licenses and technical data issues is identified below. Correspondence being sent to the DOE/NNSA Patent Counsel should be addressed to:

U.S. Department of Energy, National Nuclear Security Administration  
NNSA Patent Counsel  
Office of the General Counsel (NA-GC)  
P.O. Box 5400  
Albuquerque, NM, 87185-5400

- (b) The Contractor may use the Organizational Property Management Officer as a point of contact for guidance and assistance involving property requirements. The Contracting Officer shall be contacted for any matter that involves a change in any of the express terms and conditions of the Contract. Correspondence being sent to the Organizational Property Management Officer should be addressed to:

NNSA Albuquerque Complex  
Organizational Property Management Officer (OPMO)  
Personal Property Branch  
Acquisition Policy and Oversight Division  
P.O. Box 5400  
Albuquerque, New Mexico 87185

- (c) Technical and Administrative Correspondence:

Technical and administrative correspondence concerning performance of this Contract shall be addressed to the responsible DOE/NNSA Contracting Officer's Representative (COR), with an information copy to the Contracting Officer.

- (d) Designation of Contracting Officer's Representative(s)

The COR's official delegation of authority will be provided by the Contracting Officer to the Contractor. This delegation will describe the COR's authorities in detail. However, it is emphasized that only the Contracting Officer has the authority to modify the terms of this Contract, therefore, in no event will any understanding, agreement, modification, change order, or other matter deviating from the terms of the basic Contract between the Contractor and any other person be effective or binding on the Government. When/If, in the opinion of the Contractor, an effort outside the existing scope of this Contract is requested, the Contractor shall promptly notify the Contracting Officer in writing, before

proceeding with the COR direction. No action shall be taken by the Contractor unless the Contracting Officer has issued a formal contractual change.

If an effort under this Contract requires that an Alternate COR perform duties in the absence of the responsible COR, all responsibilities and functions assigned to the COR shall be the responsibility of the Alternate COR acting on behalf of the COR.

(e) Contractual Correspondence/Matters

Correspondence involving contractual matters shall be addressed to the Administrative Contracting Officer (ACO), who is also primarily responsible for all contractual actions required to be taken by the Government under the terms of this Contract. The ACO may be contacted at

Contracting Officer  
U.S. Department of Energy/NNSA  
Kansas City Field Office  
14520 Botts Rd.  
Kansas City, MO 64147

(f) Marking

To promote timely and effective administration, correspondence submitted under this Contract shall contain a subject line commencing with the Contract number, as illustrated:

SUBJECT: Contract Number DE-NA0002839, (insert topic of correspondence after Contract Number)

**G-2 MODIFICATION AUTHORITY**

Notwithstanding any of the other clauses of this Contract, a Contracting Officer is the only individual authorized, on behalf of the Government, to:

- (a) Accept nonconforming work;
- (b) Waive any requirement of this Contract; or
- (c) Modify any term or condition of this Contract.

**G-3 CONTRACTOR CONTACT**

The Contractor shall identify to the Contracting Officer the point of contact who has the authority and is responsible for managing, administering, and negotiating changes to the

terms and conditions of this Contract as well as executing contract modifications on behalf of the Contractor.

Name: Kaniah Konkoly-Thege  
Position: General Counsel  
Company: Honeywell Federal Manufacturing & Technologies, LLC  
Address: 14520 Botts Road  
Kansas City, MO 64147  
Phone: (816) 488-7149  
E-mail: kkonkolythege@kcp.com

**G-4 PERFORMANCE GUARANTEE(S)**

If the Contractor has organized a separate corporate entity to perform all work under this Contract, the Contractor's parent organization(s) or all member organizations if the Contractor is a joint venture, limited liability company, or other similar entity, where more than one company is involved in a business relationship created for the purpose of performing under the resultant contract, shall guarantee performance as evidenced by the Performance Guarantee Agreement(s) incorporated in Section J, Appendix E, *Performance Guarantee Agreement(s)*. If the Contractor is a joint venture, limited liability company, or other similar entity, where more than one company is involved, the parent or all member organizations shall assume joint and severable liability for the performance of the Contract. In the event any of the signatories to the Performance Guarantee Agreement(s) enters into proceedings related to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish written notification of the bankruptcy to the Contracting Officer.

**G-5 RECOGNITION OF PERFORMING ENTITY (MODIFIED 0006)**

- (a) The Contractor and the Government recognize that the parties named below form the performing entity on which the award of this Contract was based.

The performing entity is Honeywell Federal Manufacturing & Technologies, LLC.

- (b) Accordingly, the Contractor and the Government agree that the Contractor shall take no action to replace the components of the entity named in paragraph (a) of this clause without the prior written approval of the Contracting Officer.

**G-6 RESPONSIBLE CORPORATE OFFICIAL (MODIFIED 0017)**

Notwithstanding G-4, *Performance Guarantee(s)*, the Government may contact, as necessary, the single responsible Corporate Official identified below, who is at a level above the senior Contractor official on-site and who is accountable for the performance of the Contractor. Should the responsible Corporate Official change during the period of the Contract, the Contractor shall promptly notify the Government of the change in the individual to contact.

Name: Carey Smith  
Position: President, Honeywell Defense & Space  
Company: Honeywell International Inc.  
Address: 7000 Columbia Gateway Dr.  
Columbia, MD 21046  
Phone: (410) 294-2378  
Email: Carey.Smith@Honeywell.com

**G-7 INVOICING FOR TRANSITION COSTS**

- (a) The Contractor shall submit vouchers electronically through the Oak Ridge Financial Service Center's (ORFSC) Vendor Inquiry Payment Electronic Reporting System (VIPERS) for reimbursement for work performed under CLIN 0001A, *Contract Transition Term*. VIPERS allows vendors to check the payment status of any voucher submitted to the DOE. To obtain access to and use VIPERS, please visit the web page at <https://vipers.oro.doe.gov/>. The Contractor shall contact the Contracting Officer if the Contractor is unable to submit invoices electronically.
  
- (b) The Contractor shall invoice for work performed, as directed by the Contracting Officer (following the procedures at paragraph (a) of this clause).

**G-8 (DELETED 0006)**

## **SECTION H: SPECIAL CONTRACT REQUIREMENTS**

### **H-1 WORK SCOPE CHANGES**

- (a) In accordance with Section I clause DEAR 970.5243-1, *Changes*, the Contracting Officer may identify any of the work contemplated by Section J, Appendix A, *Statement of Work*, of this Contract to be performed either by another contractor directly contracted by the DOE/NNSA or by Government employees. The Contractor shall fully cooperate with other such contractors and Government employees, carefully fit its own work to such other work as may be directed by the Contracting Officer, and provide reasonable support as required. The Contractor shall not commit or permit any act that will interfere with the performance of work.
- (b) For work identified for performance by another contractor directly contracted by the DOE/NNSA, the Government may designate the Contractor as the Technical Monitor for such contracts that are directly related to the scope of this Contract. The Contractor agrees to perform such monitoring duties as shall be further described in the designation for each such contract. No designation shall include, and the Contractor shall not perform any function determined to be inherently governmental including but not limited to the following duties:
- (1) Award, modification, change, or termination of the contract.
  - (2) Receipt, processing or adjudication of any claims, invoices, or demands for payment of any form.
- The Technical Monitor shall report to the Contracting Officer, or the Contracting Officer's Representative (COR), any performance of a designated contract that may not be in compliance with its terms and conditions and is not authorized to take any other action regarding such noncompliance.
- (c) As appropriate, adjustments may be made to the Contractor's Subcontracting Plan to recognize the changes to the subcontracting base and goals.

### **H-2 CONTINUATION OF PREDECESSOR CONTRACTOR'S OBLIGATIONS**

Existing contractual agreements and regulatory obligations entered into under Contract DE-NA0000622 will continue during performance of this Contract. The Contractor shall continue to have responsibility and accountability under this Contract for all existing commercial and regulatory obligations under the predecessor Contract. The contractual agreements shall include, but not be limited to all:

- (1) Subcontracts and purchase orders;
- (2) Agreements with domestic and foreign research organizations;
- (3) Agreements with universities and colleges; and
- (4) Other similar agreements.

Additionally, unless otherwise stated in this Contract, management systems, plans, permits, procedures, and other agreements that exist on the effective date of the Contract will continue until the Contractor addresses the applicable requirements contained in this Contract. For changes that require DOE/NNSA approval, the Contractor shall not implement a change until it is formally approved by the Contracting Officer.

### **H-3 SMALL BUSINESS PARTICIPATION**

The Small Business Subcontracting Plan is incorporated in Section J, Appendix I. The Contractor shall submit annual subcontracting goals 60 days prior to the beginning of each fiscal year during the term of this Contract, or by such other date as authorized in writing by the Contracting Officer.

### **H-4 REPRESENTATIONS, CERTIFICATIONS, AND OTHER STATEMENTS OF OFFEROR**

The Representations, Certifications, and Other Statements of Offeror completed by the Contractor and dated 5/8/15, are hereby incorporated in this Contract by reference.

### **H-5 CONFLICT OF INTEREST COMPLIANCE AND MANAGEMENT PLAN**

The Contractor and the Contractor's parent(s) and affiliate(s), if any, shall comply with the provisions of the approved Conflict of Interest Compliance and Management Plan (Plan) in the performance of the Contract and any deviations or amendments to the Plan shall require the express written approval, in advance, from the Contracting Officer. The Contractor shall submit to the Contracting Officer annual Organizational Conflict of Interest (OCI) Disclosure Update Statements beginning November 1<sup>st</sup> of each year after Contract award. Notwithstanding the annual disclosure requirement, any change in relevant facts since the last OCI Disclosure Update Statement shall be disclosed to the Contracting Officer pursuant to Section I clause DEAR 952.209-72, *Organizational Conflicts of Interest, Alternate I*, paragraph (c)(1), *Disclosure After Award*. Initial notification to the Contracting Officer shall be accomplished as soon as the facts are known with a full disclosure within 60 days of the initial notification, unless otherwise directed by the Contracting Officer.

### **H-6 LOBBYING RESTRICTION**

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-7 IMPLEMENTATION OF SECTION I CLAUSES

- (a) For purposes of implementation of Paragraph (b)(2) of Section I clause FAR 52.208-8, *Required Sources For Helium And Helium Usage Data*, the Parties agree to the following:
- (1) Contractor delivery of helium supplier and helium usage data to the Contracting Officer shall be considered met if the required data is entered into an appropriate database of helium deliveries;
  - (2) A copy of this data must be made available to the Contracting Officer upon request; and
  - (3) The Contractor shall provide a quarterly report of helium usage to the Contracting Officer in a format determined by the Contracting Officer.
- (b) For purposes of implementation of paragraph (b) of Section I clause DEAR 970.5204-2, *Laws, Regulations, and DOE Directives*, the Parties agree to the following:

The NNSA Supplemental Directive (SD) Manual 452.3-1, *Defense Programs Business Requirements and Processes Manual*, will incrementally and formally replace chapters and associated Technical Business Practices within the 56XB *Nuclear Weapon Development and Production Manual* using the Requirements Modernization and Integration (RMI) process, or equivalent process approved by the DOE/NNSA.

## H-8 PREEXISTING CONDITIONS

- (a) Any liability, obligation, loss, damage, penalty, fine, or claim (including, without limitation, a claim involving strict or absolute liability), action, suit, cost, expense or disbursement which may be incurred, imposed, or asserted by any party and arising out of any act or failure to act which occurred before the date of Contract award, in conjunction with the management and operation of the National Security Campus in Kansas City (Kansas City Plant), shall be deemed incurred under Contract DE-NA0000622.
- (b) Notwithstanding the provisions of subparagraph (a) above, to the extent the acts or failure to act of the Contractor after date of Contract award, cause or add to any fine, or penalty, or remediation costs resulting from a condition in existence prior to date of Contract award, the Contractor shall be responsible in accordance with the terms and conditions of this Contract. The Contractor has the duty to inspect existing facilities and sites and timely identify to the Government those conditions which it believes could give rise to a liability, obligation, loss, damage, penalty, fine, claim, action, suit, cost, expense, or disbursement or areas of actual or potential noncompliance with the terms and conditions of this Contract or applicable law or regulation, and the responsibility to take corrective action, as directed by the Contracting Officer or as required elsewhere in this Contract.

- (c) The obligations of the Government under this clause are subject to Section I clause DEAR 970.5232-4, *Obligation of Funds*.

## **H-9 CONFERENCE COSTS**

- (a) The Contractor shall follow the most current guidance issued by DOE/NNSA concerning reporting conference related activities and spending. The Contractor shall request, obtain approval, and report all conference activities through the Conference Management Reporting and Approval Tool on the DOE iPortal at <https://iportal.doe.gov>.
- (b) While a conference may be approved by DOE/NNSA 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 reasonable, allowable, and allocable to the Contract.
- (c) The Contractor shall ensure conference activities are included in the Contractor's annual audit plan required by paragraph (i)(3) of Section I clause DEAR 970.5232-3, *Accounts, Records, and Inspections*, unless otherwise directed by the Contracting Officer.

## **H-10 FEDERAL FLEET MANAGEMENT SYSTEM**

When the Contracting Officer has issued the Contractor authorization to obtain interagency fleet management system vehicles in performance of the contract, the Contractor shall follow the requirement of the Federal Fleet Management System known as FedFMS. The Contractor shall provide the information needed to satisfy the reporting requirement as stated in FedFMS on a monthly basis using the Fleet Management Information System. The Contractor shall also address any of the data gaps/incomplete records that already exist.

## **H-11 KANSAS CITY OVERSIGHT MODEL (REPLACED 0017)**

The NNSA is committed to improving the effectiveness and efficiency of the Nuclear Security Enterprise. This Clause sets forth an overview of NNSA's approach to achieve this commitment. The following provisions set forth the specific Contract requirements that will provide the Contractor the flexibility to improve its management and performance. This Clause and its provisions are consistent with the principles and practices contained the KCNSC/KCP Oversight Plan. The major elements include:

- Section 1. Defining the Federal/Contractor Relationship
- Section 2. Operating Requirements and Standards Management
- Section 3. Management Assurance (Contractor Assurance)
- Section 4. Accountability
- Section 5. NNSA Oversight

## Section 1. Defining the Federal/Contractor Relationship

- (a) To clarify the contractual relationship, NNSA will establish the work to be accomplished by the Contractor, set applicable operating requirements to be met by the Contractor, and will provide program and performance direction regarding what NNSA wants in each of its programs. The Contractor shall determine how the program is executed and shall be accountable for performance in accordance with the terms and conditions of this Contract. The Contractor will utilize its expertise and ingenuity in determining how the work is to be accomplished in the most effective and efficient manner. NNSA will issue performance direction to the Contractor only through a Contracting Officer or a designated COR. All other Federal staff and oversight components are therefore precluded from tasking contractor personnel. The Contractor is accountable for assuring safe, secure, effective and efficient operations in accordance with the terms and conditions of this Contract.

- (b) Approach to Oversight

NNSA will increase Contractor accountability as a result of implementation of the Contractor's Management Assurance System to achieve improved Contractor performance on the Contract. Parent Organization oversight shall be a key feature of the Contractor's Management Assurance System. NNSA oversight will focus on evaluating systems and performance rather than transactions. NNSA will determine the level of NNSA oversight of all Contractor activities under this Contract, consistent with the Oversight Plan and approved funding levels. Oversight will focus on the essential outcomes of the following core requirements for the KCNSC: meeting product schedule; meeting product specification; cost management; asset management; and compliance to contract standards including ES&H and National Security.

- (c) Empowering Contractor Expertise

The Contractor is encouraged to identify and evaluate best commercial standards and best business practices and to continuously pursue cost effective and efficient improvements in Contract performance. The contractor and its parent organization shall provide the functional leadership, core processes and policies, and best practices to be deployed under the contract. The Contractor shall use the private-sector expertise of its parent organization to improve contract performance as appropriate by maintaining and enhancing strong ties to the contractor's parent organization, the exercise of parent accountability over contract operations, and maintaining and expanding the application of corporate systems, processes and human resources to the contract.

(d) Results-Oriented, Streamlined Performance Appraisal

A results-oriented, streamlined performance appraisal process will be established with critical performance objectives, measures, and targets that focus on those areas of greatest strategic value to NNSA using systems-based metrics. The parties will maximize whatever flexibility is permitted within the NNSA Corporate Performance Evaluation Process to ensure site-specific priorities are incentivized.

(e) Reward for Achieving Cost Efficiencies

The Contractor will be rewarded for the achievement of cost efficiencies through onsite investment of cost savings with program approval.

(f) Performance Direction

The basic principles and processes related to technical or performance direction are covered in Clause DEAR 952.242-70 TECHNICAL DIRECTION.

- (1) The contractor is responsible for the management, integration, and operation of the site in accordance with the Terms and Conditions of the contract, duly issued Work Authorizations (WAs), and written direction provided by the Contracting Officer and the Contracting Officer's Representatives (COR). NNSA is responsible for establishing the work to be accomplished, the applicable standards and requirements to be met, and overseeing the work of the contractor. The contractor will use its expertise and ingenuity in contract performance and in making choices among acceptable alternatives to most effectively and efficiently accomplish the work called for by this contract.
- (2) The parties agree to maintain full and open communication at all times, and on all issues affecting contract performance, during the term of this contract. Technical or performance direction issued pursuant to this clause is intended to be consistent with the approach described above that government direction will be limited to "what" the contractor intends to accomplish. The contractor is encouraged to identify concerns to the Contracting Officer whenever it believes that performance direction defines "how" the contractor is intended to accomplish the work, and the Contracting Officer will work to revise the performance direction if appropriate.

## Section 2. Operating Requirements and Standards Management

- (a) The Contractor shall comply with those "Operating Requirements" listed in Section J, Appendix K or directed by the Contracting Officer that include DOE directives incorporated into the contract in accordance with the Contract Clause

entitled "Laws, Regulations, and DOE Directives," best-in-class commercial standards and best business practices. A current list of operational requirements shall be maintained by the Contractor as an "Operating Requirements" section of a KCNSC plant information system that is to be updated as part of the "Operating Requirements" change control process and available to all employees and the NNSA. Revisions to the "Operating Requirements" may be made unilaterally by the Contracting Officer in accordance with the Contract Clause entitled "Laws, Regulations, and DOE Directives," or they may be initiated by the Contractor or NNSA through the process described in Paragraph (c) below.

- (b) The Contractor shall benchmark with industry as appropriate to identify best-in-class commercial practices and best business practices that may, when substituted for existing contractual requirements, improve site operations and cost effective performance, while effectively managing safety and security.
- (c) Operating Requirements Change Control
  - (1) Definitions:
    - (A) Baseline: The baseline shall consist of the Operating Requirements. The Contractor shall maintain a record of the baseline in its Command Media.
    - (B) Change: Any directive, inspection, audit finding, informal or formal communication that if implemented by the Contractor would add or delete an element to the baseline or would alter, increase or decrease the contractor's work relating to the baseline.
  - (2) Baseline Change Control Process – The parties shall jointly develop and use the Baseline Change Control Process for evaluating and recommending Baseline changes to the Contracting Officer. The Baseline Change Control Process shall not affect the application of otherwise applicable laws and regulations of the United States, including DOE/NNSA regulations.
  - (3) Implementation: The Contracting Officer will make a final decision on the recommendations resulting from the process. For change requests that have been initiated by the Contracting Officer, the Contractor will receive a comprehensive description of Contractor requirements necessitated by the change and a date for implementation.
  - (4) Documentation: Systems shall be established for documenting all change requests, Operating Requirements Review Board recommendations and decisions resulting from the process.

- (5) Contract Modification: The contractor shall be under no obligation to respond to orders for changes to the Baseline absent a modification to this Contract. Any change to Operating Requirements approved by the Contracting Officer under this clause shall be incorporated into the Contract under Section J, Appendix K.
- (6) Ordinarily no change will be made to the Baseline without first following the process identified in this Section and the associated Baseline Change Control Process. Nothing in this Clause is intended to limit the authority of the Contracting Officer to incorporate or reinstate a directive or requirement under the DEAR clause entitled “Laws, Regulations, and DOE Directives.”

### Section 3. Management Assurance (Contractor Assurance)

- (a) “Management Assurance System” is the contractor’s comprehensive approach to ensuring it is performing the scope of work of this contract. A management assurance system includes activities designed to identify deficiencies and opportunities for improvement, report deficiencies to responsible management, and ensure that corrective actions are completed and effective. An effectively working management assurance system will provide the government the opportunity to reduce oversight.
- (b) The Contractor shall implement a Management Assurance System. The Management Assurance System shall, at a minimum.
  - (1) Align with the contractor’s business including major functional areas and management systems relating to the contract;
  - (2) Be generally consistent with the model that the Contractor deploys at its commercial manufacturing facilities;
  - (3) Apply the appropriate method of assurance to processes and systems including management reviews, oversight and administration, internal audits, internal independent assessments, and third-party assessments;
  - (4) Identify and rely upon performance metrics and targets to assess performance;
  - (5) Provide an approach to identify performance issues and take corrective actions;
  - (6) Contain an approach to continuous improvement of performance relying on benchmarking to identify best practices as appropriate.
  - (7) The Contractor’s Parent Organization oversight shall be a key feature.

- (c) The Contractor shall document the architecture for the Management Assurance System. The Management Assurance System shall be monitored by the Contractor's parent organization.
- (d) The Contractor shall provide the NNSA with access to all elements of the Management Assurance System and visibility of its metrics; except the Contractor shall be under no obligation to disclose confidential or proprietary information generated by its parent company or affiliates. The Contractor shall notify or make visible to the Contracting Officer any modifications to the Balanced Scorecard, framework of the Management Assurance System, or to the frequency or format of NNSA forums as defined by the Management Operating Systems.

#### Section 4. Accountability

The Contractor is responsible for the quality of its products and for assessing its operations, programs, projects and business systems and identifying deficiencies and implementing needed improvements in accordance with the terms and conditions of this Contract, regardless of whether NNSA has evaluated the Contractor's performance in any area of the Contract. The Contractor is encouraged to rely upon parent corporate leadership (as applicable), systems and processes as well as independent third party assessments in assessing its own performance under this contract. The purpose of NNSA oversight is for assessing the Contractor's performance in meeting its obligations under this Contract. NNSA oversight shall not be relied upon by the Contractor in assessing its performance.

#### Section 5. NNSA Oversight

- (a) As used in this clause, "NNSA oversight" encompasses activities performed by NNSA organizations to determine the effectiveness of contractor performance of the Scope of Work. Oversight includes onsite reviews, assessments, performance evaluations, and other activities.
- (b) NNSA oversight – NNSA will determine the level of NNSA oversight of all Contractor activities under this Contract, consistent with the Oversight Plan and approved funding levels. NNSA will apply its oversight of the Contractor consistent with the contractor's management systems, the risk level of the work processes, the contractor's performance, and the effectiveness of the Contractor Assurance System. The Contracting Officer will seek input from the contractor on the appropriate type and level of effort of oversight for management systems and processes. The oversight mechanisms will be documented by NNSA, linked to the Contractor Assurance System and subject to modification. In general, NNSA oversight will be consistent with the following concepts:

- (1) There will be less oversight in areas subject to well-recognized, independent third party assessments, when the third party assessments find that the contractor systems are performing adequately.
  - (2) The level of oversight will take into account whether areas are directly related to critical outcomes of the mission of the KCNSC, or areas that are not central to the core mission such as administrative support functions.
  - (3) Oversight will not unduly interfere with contractor efforts to implement industrial standards and/or best commercial practices.
  - (4) Oversight is subject to increase in areas where performance deficiencies exist. However, prior to increasing oversight, the Contracting Officer will consider whether contractor corrective action plans provide sufficient assurance.
- (c) In addition to the rights and remedies provided to the Government under other provisions of the Contract, the Contractor shall fully cooperate with the NNSA oversight personnel and subject matter experts in the performance of their assigned oversight functions, and shall provide complete access to facilities, information and Contractor personnel.
- (d) The Contractor shall continue to be subject to the oversight of independent oversight functions authorized by the Secretary of Energy in the performance of their duties such as the Office of Security and Safety Performance Assurance or the Office of the Inspector General. The Contractor shall not comply with a finding, opinion, or directive of an Independent Oversight Function absent direction from the Contracting Officer.

#### **H-12 COMMUNITY COMMITMENT CLAUSE IMPLEMENTATION (REPLACED 0017)**

Pursuant to Section I clause DEAR 970.5226-3 Community Commitment, dated Dec 2000, the Contractor shall fund a profit investment pool from profit earned under this contract with \$1,000,000 per year over the duration of the exercised contract. The profit investment will be independent of actual fees earned and performance under the contract, and these funds shall not be recovered directly or indirectly against the contract. The Contractor shall place the earned profit investment into an escrow account to fund various initiatives. The contractor's investment is intended to support local community service projects. Prior to the start of each year of the contract's Base Term the Contractor shall inform NNSA leadership of its intended profit investment initiatives. The final list of FY 17 commitments will be negotiated with the NNSA prior to October 1, 2016.

#### **H-13 NATIONAL SECURE MANUFACTURING CENTER GSA LEASE PAYMENT**

The monthly National Secure Manufacturing Center GSA lease payment is \$1,148,124. In the event the NNSA does not recover sufficient indirect costs to fund the GSA lease

payment for the National Secure Manufacturing Center, the Work for Others Fixed Fee will be reduced to cover the deficiency.

#### **H-14 UPDATES TO FAR AND DEAR CLAUSES**

The Contractor agrees that the Contracting Officer may, from time to time and at any time, unilaterally modify the Contract to revise, add or delete Section I FAR and DEAR clauses due to changes in the regulations or the approval of new deviations. Should there be an impact to the Contractor as a result of any such modification to the Contract, the Contracting Officer will provide appropriate consideration.

#### **H-15 MANAGEMENT TEAM COMPENSATION**

Amounts of compensation reimbursed during the first two years of contract performance shall not exceed the total proposed management team costs for any position, as reflected in *Section L Attachment G "Management Team Cost Sheet"* of the Contractor's proposal in response to solicitation No. DE-SOL-0007749. For the remaining years of the Contract, the Key Personnel compensation will be reimbursed in accordance with the Statement of Work, Chapter III, paragraph 3.2.3.

#### **H-16 SMALL BUSINESS PARTICIPATION PLAN**

At the request of the Contracting Officer the Contractor shall submit a Small Business Participation Plan. The Small Business Participation Plan shall be incorporated into Section J as an appendix to the Contract.

#### **H-17 CONFERENCE MANAGEMENT (ADDED 0006)**

The Contractor agrees that:

- (a) The contractor shall ensure that contractor-sponsored conferences reflect the DOE/NNSA's commitment to fiscal responsibility, appropriate stewardship of taxpayer funds and support the mission of DOE/NNSA as well as other sponsors of work. In addition, the contractor will ensure conferences do not include any activities that create the appearance of taxpayer funds being used in a questionable manner.
- (b) For the purposes of this clause, "conference" is defined in Attachment 2 to the Deputy Secretary's memorandum of August 17, 2015 entitled "Updated Guidance on Conference-Related Activities and Spending."
- (c) Contractor-sponsored conferences include those events that meet the conference definition and either or both of the following:
  - (1) The contractor provides funding to plan, promote, or implement an event, except in instances where a contractor:

- (i) covers participation costs in a conference for specified individuals (e.g. students, retirees, speakers, etc.) in a total amount not to exceed \$10,000 (by individual contractor for a specific conference) or
  - (ii) purchases goods or services from the conference planners (e.g., attendee registration fees, renting booth space).
- (2) The contractor authorizes use of its official seal, or other seals/logos/ trademarks to promote a conference. Exceptions include non-M&O contractors who use their seal to promote a conference that is unrelated to their DOE contract(s) (e.g., if a DOE IT contractor were to host a general conference on cyber security).
- (d) Attending a conference, giving a speech or serving as an honorary chairperson does not connote sponsorship.
- (e) The contractor will provide information on conferences they plan to sponsor with expected costs exceeding \$100,000 in the Department's Conference Management Tool, including:
  - (1) Conference title, description, and date
  - (2) Location and venue
  - (3) Description of any unusual expenses (e.g., promotional items)
  - (4) Description of contracting procedures used (e.g., competition for space/support)
  - (5) Costs for space, food/beverages, audio visual, travel/per diem, registration costs, recovered costs (e.g., through exhibit fees)
  - (6) Number of attendees
- (f) The contractor will not expend funds on the proposed contractor-sponsored conferences with expenditures estimated to exceed \$100,000 until notified of approval by the contracting officer.
- (g) For DOE-sponsored conferences, the contractor will not expend funds on the proposed conference until notified by the contracting officer.
  - (1) DOE-sponsored conferences include events that meet the definition of a conference and where the Department provides funding to plan, promote, or implement the conference and/or authorizes use of the official DOE

seal, or other seals/logos/ trademarks to promote a conference. Exceptions include instances where DOE:

- (i) covers participation costs in a conference for specified individuals (e.g. students, retirees, speakers, etc.) in a total amount not to exceed \$10,000 (by individual contractor for a specific conference) or
  - (ii) purchases goods or services from the conference planners (e.g., attendee registration fees; renting booth space); or provide funding to the conference planners through Federal grants.
- (2) Attending a conference, giving a speech, or serving as an honorary chairperson does not connote sponsorship.
  - (3) The contractor will provide cost and attendance information on their participation in all DOE-sponsored conference in the DOE Conference Management Tool.
- (h) For *non-contractor sponsored conferences*, the contractor shall develop and implement a process to ensure costs related to conferences are allowable, allocable, reasonable, and further the mission of DOE/NNSA. This process must at a minimum:
- (1) Track all conference expenses.
  - (2) Require the Laboratory Director (or equivalent) or Chief Operating Officer approve a single conference with net costs to the contractor of \$100,000 or greater.
- (i) Contractors are not required to enter information on non-sponsored conferences in DOE'S Conference Management Tool.
  - (j) Once funds have been expended on a non-sponsored conference, contractors may not authorize the use of their trademarks/logos for the conference, provide the conference planners with more than \$10,000 for specified individuals to participate in the conference, or provide any other sponsorship funding for the conference. If a contractor does so, its expenditures for the conference may be deemed unallowable.

**H-18 MANAGEMENT AND OPERATING CONTRACTOR (M&O) SUBCONTRACT REPORTING (SEP 2015) (ADDED 0006)**

- (a) Definitions. As used in this clause—

“First-tier subcontract” means a subcontract awarded directly by the Contractor for the purpose of acquiring supplies or services (including construction) for performance of a prime contract. It does not include the Contractor’s supplier agreements with vendors, such as long-term arrangements for materials or supplies that would benefit multiple contracts and/or the costs of which are normally applied to a Contractor’s general and administrative expenses or indirect cost.

“M&O Subcontract Reporting Capability (MOSRC)” means a DOE system and associated processes to collect key information about M&O first-tier subcontracts for reporting to the Small Business Administration.

“Transaction” means any awarded contract, agreement, order, or modification, etc. (other than one involving an employer-employee relationship) entered into by a DOE M&O prime contractor calling for supplies and services (including construction) required solely for performance of the prime contract.

(b) Limited Interim Reporting.

- (1) The Contractor shall report no less than the twenty highest dollar value first-tier small business subcontract transactions under the contract by December 1 for the previous fiscal year until the Contractor business systems can report the required data as set forth in paragraph (c) below. Classified subcontracts shall be excluded from the reporting requirement and shall not be counted towards the total number of transactions of the reporting requirement.
- (2) Transactions with a corporation, company, or subdivision that is an affiliate of the Contractor are not included in these reports.
- (3) The Contractor shall provide the data on first-tier small business subcontract transactions under the contracts, as described in the MOSRC Guide via the Microsoft Excel spreadsheet co-located at <https://max.gov> in the MOSRC Collaboration Center. The spreadsheet will be submitted to [HQProcurementSystems@hq.doe.gov](mailto:HQProcurementSystems@hq.doe.gov).

(c) Full Reporting. The Contractor shall update their business systems and processes to collect and report data to MOSRC in compliance with the MOSRC Guide. The Contractor shall report data in MOSRC for FY17 (and each year thereafter) first-tier small business subcontracting transactions under the contract. Classified subcontracts shall be excluded from the reporting requirements. All Contractor systems shall be updated in order to provide the first FY17 report in November 2016 for October 2016 transactions.

(c) Pilot M&Os. Oak Ridge National Laboratory, the National Security Campus at the Kansas City Plant, and the National Renewable Energy Laboratory shall have their

business systems updated in order to provide the first FY 16 report in April 2015 for March 2015 transactions.