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| AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT | | | | 1. CONTRACT ID CODE | PAGE OF PAGES 1 7 |
| 2. AMENDMENT/MODIFICATION NO. M126 | | 3. EFFECTIVE DATE See Block 16C | 4. REQUISITION/PURCHASE REQ. NO. | 5. PROJECT NO. (If applicable) | |
| 6. ISSUED BY U. S. Department of Energy Office of River Protection P. O. Box 450, MS H6-60 Richland, WA 99352 | | CODE | 7. ADMINISTERED BY (If other than item 6) | | CODE |
| 8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) CH2M HILL Hanford Group, Inc. P.O. Box 1500 Richland, WA 99352 | | | | 9A. AMENDMENT OF SOLICITATION NO. | |
| | | | | 9B. DATED (SEE ITEM 11) | |
| | | | | 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC27-99RL14047 | |
| | | | | 10B. DATED (SEE ITEM 13) September 30, 1999 | |
| CODE | | FACILITY CODE | | | |

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offerors must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required) -

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS,
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

| | |
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| | A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT/ORDER NO. IN ITEM 10A. |
| | B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b) |
| X | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.243-2 – Changes-Cost Reimbursement (AUG 1987) – Alternate II (APR 1984) |
| | D. OTHER (Specify type of modification and authority) |

E. IMPORTANT: Contractor is not, is required to sign and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

- A. The purpose of this modification is to incorporate the transfer of the responsibility for sponsorship, management, and administration of the Rocky Flats Pension and Post Retirement Benefit (PRB) Plans from Kaiser Hill, LLC to ensure the continuity of benefits for Plan participants.**
- B. The funding for the management and administration of the Rocky Flats pension and other Post Retirement Benefit Plans (PRB) will be through a separate budget and reporting fund source other than those funds designated to manage the Tank Farm Contract scope.**

Continued on next pages:

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

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|---|---------------------------------|---|---------------------------------|
| 15A. NAME AND TITLE OF SIGNER (Type or print) D. B. Cartmell, Vice President and CFO | | 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Cloette B. Reid, Contracting Officer | |
| 15B. CONTRACTOR/OFFEROR Original signed by (Signature of person authorized to sign) | 15C. DATE SIGNED 9/20/06 | 16B. UNITED STATES OF AMERICA BY Original signed by (Signature of Contracting Officer) | 16C. DATE SIGNED 9/20/06 |

C. The following clause is hereby incorporated into Section B of this Contract:

Part I – The Schedule, Section B, Supplies or Services and Prices/Costs

B.3.a Estimated Cost and Fee – Transition, Management, and Plan Sponsorship of Rocky Flats Pension and Post Retirement Benefit (PRB) Plans

The following section applies to the work described in Sections C.7, C.8, and C.9 of the Statement of Work.

- (a) Subject to the other provisions of this Contract, reasonable and necessary costs incurred by the Contractor to accept transfer of sponsorship, administration and management of the Rocky Flats Pension and Post Retirement Benefit (PRB) Plans as identified in Section C.7 of this Contract, which are currently sponsored and administered by Kaiser-Hill Company L.L.C. (“Kaiser-Hill”) pursuant to contract DE-AC34-00RF001904, shall be reimbursable under this Contract, including, but not limited to:
 - (1) Costs necessary to receive, and accept transfer of, the Plans from Kaiser-Hill to Contractor; provided, however, that costs necessary to effectuate the transfer to Contractor and to comply with all legal and regulatory requirements associated with the transfer, shall be paid by Kaiser-Hill;
 - (2) Subsequent to the transfer, costs of sponsorship and management and administration of the Plans, including but not limited to pension contributions, and compliance with applicable current and existing laws and regulations and other requirements of this Contract, exclusive of those administration costs which are properly chargeable to Plan funds; and
 - (3) Costs associated with transfer of the Plans upon completion or termination of this Contract in accordance with paragraph C.8 herein.
- (b) Fee. The Contractor shall earn no incremental fee for sponsorship, management and administration of the Rocky Flats Pension and Post Retirement Benefit Plans during the remainder of this Contract and during any extension to this Contract.

D. The following clauses are hereby incorporated into Section C of this Contract:

Part I – The Schedule, Section C, Statement of Work

C.7 SPONSORSHIP AND ADMINISTRATION OF ROCKY FLATS PENSION AND POST RETIREMENT BENEFITS (PRB)

Based upon the desire of Kaiser-Hill LLC, and CH2M HILL Hanford Group, Inc. (Contractor) to transfer sponsorship, management and administration of certain pension and benefit plans from Kaiser Hill LLC to the Contractor, the Department of Energy authorizes the Contractor to support the transfer of, and accept sponsorship and responsibility for, the management and administration of the Rocky Flats Pension and PRB Plans described in subsections 1 through 4 of Section C.7. Upon transfer of sponsorship, management and administration responsibilities, Contractor shall manage and administer the Plans in accordance with all applicable laws, regulations, DOE Directives and in accordance with the provisions and requirements of this Contract, including, but not limited to applicable requirements of Section J, Appendix B of this Contract. The Plans shall be managed separately from the Hanford Site Multi-Employer Pension Plan (MEPP) and the Hanford Employee Welfare Trust (HEWT) and in a manner so as to preserve the Plans’ separate and distinct identities.

The benefits to be transferred are:

- (a) Rocky Flats Employee Welfare Trust. Benefits covered under this multiple employer welfare agreement include:
 - (i) Medical (both fully insured and self-funded) plans for:

- Salaried retirees and their eligible dependents;
 - United Steelworkers of America (USWA) hourly retirees and their eligible dependents; and
 - Salaried participants on Long Term Disability.
- (ii) Basic and supplemental life insurance for:
- Salaried retirees;
 - United Steelworkers of America (USWA) hourly retirees;
 - Security Protection Officers (SPO) hourly retirees; and
 - Salaried participants on long-term disability.
- (iii) Vision coverage for SPO retirees only.
- (iv) COBRA medical coverage for terminated salaried USWA and SPO employees and eligible dependents.
- (v) COBRA dental coverage for:
- Retired salaried, USWA and SPO employees and eligible dependents; and
 - Terminated salaried, USWA and SPO employees and eligible dependents.
- (vi) Displaced workers medical coverage for laid-off salaried, USWA and SPO employees not eligible to retire. Coverage includes eligible dependents.
- (b) Rocky Flats Multiple Employer Pension Plan. This master plan covers two separate defined benefit plans for salaried retirees and SWA retirees.
- (c) Kaiser-Hill Retirement Plan for Hourly Plant Protection Employees. This defined benefit plan covers SPO retirees.

C.8 ACTIONS REQUIRED REGARDING ROCKY FLATS PENSION AND PRB PLANS AT CONTRACT TERMINATION OR EXPIRATION

Upon expiration or termination of this Contract, the Contracting Officer shall unilaterally direct the Contractor to take all necessary steps to facilitate the transfer of the sponsorship, management and administration of the Rocky Flats Pension and PRB Plans to such follow-on contractor or contractors who may be responsible for the continuation of all or a portion of the work carried out under this Contract. In the event the Contractor is directed by the Contracting Officer to transfer these functions and responsibilities to another entity, the Contractor shall continue to be responsible for the sponsorship, management and administration of these Plans until all legal requirements related to transfer of these obligations are completed.

C.9 ROCKY FLATS PENSION AND PRB PLANS REPORTING DELIVERABLES

(a) The Contractor shall provide the following Rocky Flats Pension and PRB Plans reporting deliverables to the DOE Office of River Protection (ORP) Contracting Officer:¹

| Item ² | Frequency | Copies | Recipient |
|----------------------------------|-----------|--------|-----------|
| Management Plan | Annual | 3 | CO |
| Status Report | Quarterly | 3 | CO |
| Cost Plan | Annual | 3 | CO |
| Cost Management Report | Quarterly | 3 | CO |
| ERISA Filings | Annual | 3 | CO |
| Actuarial Valuation Reports | Annual | 3 | CO |
| Pension Trust Statement | Quarterly | 3 | CO |
| Summary Plan Description | Annual | 3 | CO |
| Summary of Material Modification | Annual | 3 | LM/HQCO |
| FAS 87/106 Disclosure Data Call | Annual | 3 | CFOCO |

(b) The address for the DOE-ORP Contracting Officer is:

ATTN: Cloette B Reid
 Contracting Officer
 U.S. Department of Energy
 P.O. Box 450
 Richland, WA 99352

(c) Point of Contact for CH2M HILL Hanford Group, Inc. is:

1 Other reports and requirements are referenced in Section J, Appendix B

2 The **Management Plan** referenced is the Contract Management Plan. A sample outline is found in the Uniform Reporting System for Contractors, but, in general, is the Contractor's plan for management of the Contract. The Management Plan shall address any additional work scope pertaining to the management, administration, and sponsorship of the Rocky Flats Pension and **PRB Plans** through this Contract modification.

Status Report is a concise narrative assessment providing the status of work. The Status Report is used to monitor standing and to provide recognition of potential problem areas. An example of the status report is also found in the Uniform Reporting System for Contractors. Typical items covered include, but are not limited to, scope changes, changes in approach, discussion of individual tasks, achievements, and open items.

Cost Plan. The Cost Plan establishes the intended rate of accrued costs for the life of the contact for this particular scope of work. It shows a time-phased baseline plan, which allows for the measurement of cost performance and provides basic information for updating and forecasting budget requirements. An example Plan is found in the Uniform Reporting System for Contractors.

Cost Management Report. The Cost Management Report is a periodic (for this purpose, quarterly) account of the cost status of the work measured against the Cost Plan. It is used: (1) to monitor and control the performance; (2) to report planned and accrued costs for the current reporting interval, as well as cumulative costs to date; (3) to forecast accrued expenditures for subsequent reporting periods, the remainder of the fiscal year, and the life of the effort; (4) to report variances between the overall contract level and the associated Cost Plan and, (5) to project short, intermediate, and long-range planning. This report is used by DOE as backup documentation to support reimbursement authorization of the Contractor's invoices.

The DOE Order is 1332.1A, *Uniform Reporting System*, which is an old order but an archive copy can be found on the DOE Directives home page, which also contains examples of the plans and reports.

Dan Cartmell
Vice President and CFO
CH2M HILL Hanford Group, Inc.
P.O. Box 1500
Richland, WA 99352

E. Insert the following text into Section J, Appendix B, JB.4(b)(1) Compensation – Employee Welfare and Other Benefit Plans:

- (x) Rocky Flats PRB Plans as identified in Section C.7 of the Statement of Work.

F. Modify Section J, Appendix B, JB.4(c)(1), Group Pension Plans as follows:

(1) General

- (i) The Contractor shall continue as a sponsor of the Multi-Employer Pension Plan (MEPP), which includes the Operations and Engineering Pension Plan, and the Hanford Contractors' Multi-Employer Pension Plan for Hanford Atomic Metal Trades Council (HAMTC) Represented Employees, or identical plans as approved by the Contracting Officer. Costs of the Contractor's participation with other Hanford Site contractors in the MEPP and its component Plans will be allowable for the purpose of providing retirement benefits only to employees under the Contract. The MEPP and its component Plans must be established and maintained as qualified defined benefit plans under the regulations of the Internal Revenue Code.
- (ii) Rocky Flats Pension Plans. The Contractor shall become a sponsor of the following Rocky Flats Pension Plans: Rocky Flats Multiple Employer Pension Plan and the Kaiser-Hill Retirement Plan for Hourly Plant Protection Employees. These Pension Plans will be managed and administered separately from the Hanford Site Multi-Employer Pension Plan to preserve the Plans' separate and distinct identities. The Plan and trust documents and any amendments thereto are subject to the approval of the Contracting Officer. The provisions of subsections (3), (5), and (6) of Appendix B, JB.4, subpart (c) shall apply to sponsorship, management and administration of the Rocky Flats Pension Plans.

G. Insert additional numerical number and replace numerical order of the remainder of the clause JB.4(c)(3), Actions Required at Contract Termination or Expiration. Number now becomes JB.4(c)(3), Administration of the Rocky Flats Pension Plans, as follows:

(3) Administration of the Rocky Flats Pension Plans.

- (i) The Contractor will sponsor, manage, and administer the Rocky Flats Pension Plans as identified in Section C.7 of this Contract. The costs of administration of each plan shall be costs of each Plan individually.
- (ii) The Contractor will maintain a sufficient number of trained and qualified personnel to perform all of the functions reasonably necessary to sponsor, manage and administer the Plans.
- (iii) The Contractor is subject to applicable laws, regulations, and DOE Directives, including timely reporting and submission of Financial Accounting Standard (FAS) 87 data and actuarial valuations. The Contractor shall provide the reports identified in Section C.9, and such other reports as required by the Contracting Officer.
- (iv) Plan assets shall be managed in a prudent manner. The Contractor shall develop and submit to the Contracting Officer, Investment Policy Statements for the Rocky Flats Pension Plans that clearly define investment return objectives and risk tolerances, and shall perform annual Pension Plan Investment Performance Self-Assessments. The Contractor Performance Self- Assessments shall address investment objectives, development of the plans to achieve investment objectives, execution of the Plans, performance monitoring, and appropriate corrective action planning and execution. The Contractor shall provide the Contracting Officer with a copy of each annual Rocky Flats

Pension Plans Investment Performance Self-Assessment.

- (v) The Contractor shall comply with the Investment Policy Statements developed for the Rocky Flats Pension Plans. Should the Contractor incur higher costs because the Contractor fails to comply with all or part of the established Investment Policy Statements provided to the Department, the additional costs incurred are unallowable.
- (vi) With respect to each of the Plans, the parties shall agree to the following:
 - The Plans shall be maintained as qualified plans under the regulations of the Internal Revenue Code.
 - Costs of employer contributions incurred and accrued under the terms of the Plans are allowable, subject to compliance with other provisions of this Contract and subject to available funding.
 - The Contractor shall provide an itemization of costs incurred for administration and investment annually to the Contracting officer within 60 days of the end of each plan year for each Plan.
 - In the event of termination or expiration of this contract, any assets in the trust funds of these Plans to be transferred to a follow-on contractor pursuant to Section C. 8 of this Contract shall be managed by the Contractor in accordance with applicable Investment Policy Statements and other Contract requirements until the follow-on contractor is able to assume responsibility for those assets.
 - Unless otherwise required by applicable law or approved by the Contracting Officer, no amendment to any of the Plans shall result in allowable costs under this Contract.
 - Amendments to the Plans and trust documents shall be approved in advance by the Contracting Officer.
 - The costs incurred in the course of the administration of these Plans shall be paid out of the assets in the Plan's funds.

H. Section J, Appendix B, Clause JB.4(c)(3) now becomes Clause JB.4(c)(4), Actions Required at Contract Termination or Expiration

I. Section J, Appendix B, Clause JB.4(c)(4) now becomes Clause JB.4(c)(5), Financial Requirements

J. Section J, Appendix B, Clause JB.4(c)(5) now becomes Clause JB.4(c)(6), Special Programs

K. Add new subsection (j) to Section J, Appendix B, Clause JB.4 Direct Compensation

(j) Administration of the Rocky Flats Post Retirement Benefit (PRB) Plans

- (1) The Contractor shall sponsor, administer, and manage the Rocky Flats PRB Plans as identified in C.7 of this contract. The costs of administration of each Plan shall be the cost of each such Plan individually.
- (2) The Contractor shall maintain a sufficient number of trained and qualified personnel to perform all of the functions reasonably necessary to sponsor, administer and manage the Plans.
- (3) The Contractor shall provide all ordinary and normal administrative services and functions which may be reasonably required. The Contractor shall provide an itemization of costs incurred for administration of each Plan annually to the Contracting Officer within 60 days of the end of each Plan year.
- (4) The Contractor shall be subject to applicable laws, regulations, and DOE Directives, including timely reporting and submission of Financial Accounting Standards (FAS) 106 data, and such other reports as required by the Contracting Officer. The Contractor shall submit to the Contracting Officer for advance approval a proposal for an annual PRB cost comparison analysis and a PRB Relative Benefit Value study every 2 years.

- (5) Within 180 days of the execution of this modification, the Contractor shall calculate the per capita PRB (retiree medical and life insurance) costs and compare the per capita cost of the Rocky Flats PRB plans to the findings of a nationally recognized Contracting Officer approved benefit cost survey.
- (6) Within 180 days of the execution of this modification, the Contractor shall use actuarial methods to measure the relative worth to retirees and their beneficiaries of the Rocky Flats PRB plans independent of the actual costs of the PRB programs and a minimum of 15 comparator PRB programs. The comparator PRB plan sponsors must be approved by the Contracting Officer in advance of the study.
- (7) The Contracting Officer shall have the discretion to weigh the findings of the per capita PRB cost comparison against the PRB relative benefit value if the per capita PRB cost and relative value are more than 5% above market comparators. As required by the Contracting Officer, the contractor shall submit a corrective action plan that:
 - a. If applicable, identifies cost containment objectives and measures,
 - b. The steps necessary to bring value, and cost if applicable, to within 105% of market
 - c. Implementation milestones;
 - d. If applicable, quantifies the potential cost savings and/or avoidances;
 - e. Quantifies the impact on PRB relative value anticipated through implementation of the corrective action plan.

Implementation of the corrective action plan is contingent on DOE approval. Failure to implement Contracting Officer approved corrective action plans may result in an unallowable cost under the Contract.
- (8) Any proposed changes to the existing PRB plans must be approved in advance by the Contracting Officer. DOE will evaluate all such proposed changes based on an analysis of the incremental cost, value and long term liability.

L. All other terms and conditions of this contract remain the same.