

Contract Number: DE-AC05-76RL01830
Modification M881

**PART III – List of Documents,
Exhibits and Other Attachments**

Section J

Appendix J

**Advance Agreement on Costs and Associated Use of Battelle-Owned Facilities and Real
Property**

ADVANCE AGREEMENT ON COSTS AND ASSOCIATED USE OF BATTELLE-OWNED FACILITIES AND REAL PROPERTY

The Parties acknowledge that in consideration of the extension of Contract No. DE-AC05-76RL01830 (hereinafter referred to as "the PNNL Prime Contract") from October 1, 2012 through September 30, 2017, it would be in the best interests of both Parties to enter into this Advance Agreement (hereinafter referred to as "the Agreement"),

The Parties agree as follows:

1. Effective October 1, 2012, Battelle grants to the Department of Energy (hereinafter referred to as "DOE") operational control over the Battelle owned facilities as identified in Section J, Appendix H of the PNNL Prime Contract (hereinafter referred to as "the Facilities") and the right to exclusive use of the Facilities and the beneficial use of the areas and grounds appurtenant to the Facilities necessary for access, occupancy and enjoyment. The Parties agree that DOE's exclusive use of the Facilities shall include any use authorized under the PNNL Prime Contract, or as otherwise agreed to by the Parties.
2. This Agreement, including without limitation, DOE's exclusive use and occupancy of the Facilities, as identified in Section J, Appendix H, and the beneficial use of the areas and grounds appurtenant to the Facilities shall terminate if Battelle is no longer the operator of PNNL, or alternatively by mutual assent.
3. Battelle agrees to allow access to the Facilities, without reasonably preventable or recurring disruption, as is required for DOE to access, occupy, use and enjoy such facilities as provided in this Agreement.
4. Battelle provides DOE the option to lease the Facilities at any time during the term of the PNNL Prime Contract. If DOE exercises this option to lease the Facilities, as defined at the time in Section J, Appendix H, this Agreement shall terminate upon the lease becoming effective. The lease term may not extend greater than 5 years past the end date of this Agreement without mutual assent. The Parties agree that in principle any lease shall be market based as negotiated between the Parties and shall be adjusted for the degree of Government investment and assets in the Facilities (irrespective of funding type) and any unamortized portion of Battelle's share of the residual radiological contamination as set forth in paragraph 8 based on a 10 year amortization period commencing with the effective date of this Agreement.
5. DOE expenditures in the Facilities under the DOE capitalization threshold shall be operating expenses under the PNNL Prime Contract provided such

expenditures are authorized by DOE upon evaluation of mission necessity and benefit justification. DOE may from time to time make appropriate mission essential capital modifications to the Facilities, as approved by the Contracting Officer.

6. Battelle expenditures in the Facilities shall follow Battelle capitalization criteria. Battelle shall be responsible for capital expenditures above the DOE capitalization threshold to maintain the Facilities in good working order. Battelle may from time to time elect to make investments below the DOE capitalization threshold in the Facilities, not otherwise approved by DOE, utilizing Battelle funds.
7. The Parties agree that improvements to roads, grounds, supporting site infrastructure and parking lots will be split between the Parties such that DOE investments, as justified, appropriate and expressly approved by the Contracting Officer, will address requirements of the combined core campus including and North of Battelle Blvd while Battelle will address those South of Battelle Blvd and on the Sequim campus. The Parties agree to evaluate the potential transfer of Battelle Blvd to the City of Richland within the term of this Agreement.
8. The Parties acknowledge that through the conduct of both Government and private work, several Battelle owned facilities (the Engineering Development Laboratory (EDL), the Marine Sciences Laboratory (MSL-1/MSL-5), the Life Sciences Laboratory 2 (LSL-2), the Physical Sciences Laboratory (PSL), and the Research Technology Laboratory (RTL)) are, in part, radiologically contaminated. The Parties acknowledge that both Battelle and the Government have responsibility for the radiological contamination in these Battelle owned facilities. The Parties agree that, pursuant to Government interests, DOE shall assume responsibility (to include both regulatory and financial aspects) for such contamination, including control and ultimately remediation of the radiological contamination. Battelle agrees to share the costs for remediation of such radiological contamination by contributing 10% of the cost except as further provided in this paragraph 8. As consideration for Battelle granting DOE exclusive use of the Facilities, radiological remediation completed while Battelle is the operator of PNNL will be without cost share by Battelle. To that end, the Parties agree to remediate the radiological contamination in LSL-2, EDL, PSL, MSL-1 and MSL-5 prior to September 30, 2017 and remediate the radiological contamination in RTL prior to September 30, 2022. This agreement is based on the currently known extent of condition of these facilities and subject to review if conditions are later found to materially differ. The responsibilities and obligations set forth in this paragraph shall survive termination of this Agreement or the PNNL Prime Contract.

9. Battelle shall annually report progress against the obligations in this agreement as well as expenditures as approved by DOE and Battelle in the Facilities and appurtenant areas and grounds in order to monitor this Agreement.
10. Nothing in this Agreement shall be deemed to constitute a release of Battelle from liability under the Comprehensive, Environmental, Response, Compensation, and Liability Act or any other relevant environmental law or regulation or from financial responsibility for pre-existing unknown hazardous substances that may be discovered during radiological remediation of the Battelle owned facilities identified in paragraph 8.
11. Upon termination of this Agreement, DOE shall vacate the Facilities and at its sole election, either remove any real property improvements or abandon any such improvements in place. If DOE elects to remove any real property improvements made at DOE expense rather than abandoning such in place, DOE shall arrange for the removal. The removal of any such real property improvements shall be at no cost to Battelle and DOE shall leave the Facilities in a reasonable condition.
12. The Parties agree that each and every obligation of the Government contained herein involving an expenditure of funds is subject to the availability of the appropriated funds of the DOE, or in the event of a claim, as provided by the Contract Disputes Act, if applicable. DOE will use its best efforts to obtain funds to meet all of its obligations under this Agreement. Nothing herein shall be construed as implying that the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.

Agreed and acknowledged by the Parties as of the 21ST day of August, 2012.

Battelle Memorial Institute

By: Michael Kahan

Date: 8/21/2012

U.S. Department of Energy

By: [Signature]

Date: 8-21-12