

Contract Number: DE-AC05-76RL01830
Modification M1089

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

Section J

Appendix I

**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, 2017 through September 30, 2022, it is 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, 2017, Battelle agrees to provide to the Department of Energy (hereinafter referred to as “DOE”) the right to acquire or lease Battelle-owned land and facilities in Richland, WA, and Sequim, WA and DOE agrees to fully exercise this right on or before September 30, 2035, subject to the availability of funds. Any agreement will, at a minimum, provide use and enjoyment of all right, title and interest for the subject parcels (See Attachment A-1 Land Maps). Each Agreement shall specifically contain the express transfer of the subject parcel at term for a mutually agreed upon amount to be negotiated after appropriate due diligence. Battelle agrees that, through the execution of this Agreement, it will receive fair and reasonable consideration for its assets. [M1089]
2. As of April 1, 2016, Battelle’s exclusive use of the facilities set forth in Attachment A-1 for its own business ceased and Battelle has no viable use for these facilities beyond the terms of the Laboratory Contract (and any extensions). As DOE is not able to assure that Battelle will remain as the operator of PNNL past 2022, DOE agrees the acceleration of depreciation of Battelle-owned facilities (as identified in Section J, Appendix H) is an allowable cost and will relieve Battelle, effective October 1, 2016, of any future obligations of investment in those facilities in exchange for transfer of ownership of such facilities to DOE on or before October 1, 2022.
3. The Parties acknowledge that several Battelle-owned facilities set forth in Attachment A-1 (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 complex (specifically RTL520, RTL 570 and RTL 530)) are, in part, radiologically contaminated. The Parties agree that Battelle and the Government share responsibility for the radiological contamination in these Battelle-owned facilities. The Parties agree that, DOE shall assume remediation responsibility for such contamination, including control and ultimately remediation of the radiological contamination. Battelle previously agreed to share the costs for remediation of such radiological contamination by contributing 10% of the cost except as further provided in this paragraph. 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, and PSL prior to September 30, 2017. Areas not associated with DOE-approved radiological activities in MSL-1 and MSL-5 will be remediated prior to September 30, 2019, to the agreed-to condition that supports ongoing approved radiological activities in

these facilities. RTL 520, RTL 530, and RTL 570 will be demolished prior to September 30, 2020. The agreement is based on the currently known condition of these facilities and is subject to reevaluation by the Parties if conditions are later found to materially differ. The reevaluation by the Parties may allow for a mutually agreed to change in the schedule for demolition. The responsibilities and obligations set forth in this paragraph shall survive termination of this Agreement or the PNNL Prime Contract.

4. 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 3.
5. The Parties agree that each and every obligation of the Government contained herein involving an expenditure of funds is subject to the availability of appropriated funds allocated specifically for the work agreed hereunder, 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.
6. The Parties also agree RTL and RTL Outbuilding Demolition is scheduled to be completed by no later than FY2020.

Battelle agrees that demolition of the following non-contaminated out buildings shall not require the complete removal of concrete floor slabs, foundations, and underground utilities: RTL 510, 540, 550, 570, 580 and 590. Remaining slabs or underground components and utilities shall be left in a safe configuration and condition as mutually agreed to by the Parties.

RTL Buildings 524 and 560 are considered to be integral to RTL 520 and as such will be demolished in addition to the demolition of RTL 520. The Parties acknowledge that RTL 530 and RTL 570 may have radiological contamination and may require a level of remediation commensurate with RTL 520.

Given the special circumstance of planned disposition, DOE agrees to continue to allow accelerated depreciation recovery (for all RTL buildings) to a net book value of \$0 over the years 2016 to 2019.

The Parties acknowledge and agree that Battelle will assume all remediation responsibility for demolition of the Engineering Services Building (ESB). ESB will be removed from the PNNL prime contract no later than September 30, 2016 and will require no further federal obligation. DOE agrees that demolition of ESB shall not require removal of concrete slabs, foundations and underground utilities. Remaining slabs foundations, and utilities will be left in a safe configuration and condition as mutually agreed to by the Parties. In the event hazardous substances are discovered as part of or during remediation, Battelle is responsible to remediate the area. DOE agrees to allow the

write off of the remaining balance of the ESB backflow preventer, which was installed in support of PNNL use.

This agreement is based on the currently known condition of these facilities and is subject to reevaluation by the Parties if conditions are later found to materially differ. The reevaluation by the Parties may allow for a mutually agreed to change in the schedule for demolition. The responsibilities and obligations set forth in this paragraph shall survive termination of this Agreement or the PNNL Prime Contract.

7. The Parties acknowledge and agree that effective October 1, 2017 the Battelle Inhalation Laboratory (BIL) building is included in the PNNL Prime Contract including the remaining net book value according to the original depreciation schedule. BIL depreciation under the contract shall be "accelerated" to be fully depreciated at the end of FY2022.
8. The Parties acknowledge that through the conduct of both Government and private work, Battelle operated two Emergency Generators (one at LSL-2 and one at EDL) supported by underground fuel storage tanks. The Parties agree that they both have benefited from the system. The Parties agree that, DOE shall assume responsibility via the PNNL contract for the underground fuel tanks and generator. This agreement is based on the presumption that there is no soil contamination and is subject to reevaluation by the Parties 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.

Agreed and acknowledged by the Parties as of the 30th day of January, 2017.

Battelle Memorial Institute

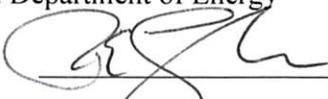
By: 

Name: David C. Evans

Title: Executive Vice President and CFO

Date: 1/26/17

U.S. Department of Energy

By: 

Name: Roger E. Snyder

Title: Manager, Pacific Northwest Site Office

Date: 1/30/17

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Attachment A-1 Land Maps

Richland, Washington



Section J Appendix I – Advance Agreement on Costs and Associated Use of Battelle-Owned Facilities and Real Property

Attachment A-1 Land Maps

Sequim, Washington

