

Contract Number: DE-AC05-76RL01830  
Modification M1067

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

**Section J**

**Appendix J**

**Advance Agreement on Costs and Disposition of Battelle Owned Personal  
Property/Nuclear Materials for the Pacific Northwest National Laboratory**

## Section J – Appendix J

### **Advance Agreement on Disposition of Battelle Owned Personal Property/Nuclear Materials for the Pacific Northwest National Laboratory**

The Parties agree as follows:

Battelle Memorial Institute (Battelle) owns certain property which includes: personal property, nuclear materials, and one G-1 aircraft with associated parts. Such property identified is required for the continued operations and missions of the Pacific Northwest National Laboratory (PNNL).

For Battelle owned personal property and nuclear materials, which are either fully depreciated or in the case of nuclear materials that are required for transfer for the purposes of eliminating state licenses and the assumption of licensing by the Department of Energy and its regulatory requirements, sales agreements between the Parties will be executed and made part of this advance agreement effective October 1, 2012. Appendix J-1 Advance Agreement On Costs And Disposition Of Battelle Owned Personal Property (Attachment A – Personal Property Sales Agreement) and Appendix J-2 Advance Agreement On Costs And Disposition Of Battelle Owned Nuclear Materials (Attachment A – Nuclear Materials Sales Agreement)

For those personal property items listed in Appendix J-1, Attachment B – Retained Personal Property, that still have remaining net book value, the Parties agree to execute a sales agreement (Attachment AA – Personal Property Sales Agreement) effective October 1, 2013. The Parties agree that the personal property listed in Appendix K-1, Attachment B, will be screened prior to transfer of all property to determine if said property may be excess to the needs of PNNL and the property identified as broken, non-repairable, or excess to the needs of PNNL will be transferred to PNNL and subsequently processed for excess or scrap/salvaged in accordance with DOE property management regulations.

For those nuclear materials listed in Appendix J-2, Attachment B – Retained Nuclear Materials, that were for the sole purpose of fulfilling Battelle Memorial Institute Legacy Work, the Department and Battelle have determined there is no longer a continuing need for those nuclear materials and those retained nuclear materials have been appropriately dispositioned by Battelle.

For those personal property items related to the G-1 aircraft listed in Appendix J-1, Attachment C - Personal Property Associated with G-1 Aircraft, the Parties agree to review the list of

property on an annual basis and determine the need for the property associated with the aircraft and its associated operation and against any requirements as promulgated by the Federal Aviation Administration. As personal property associated with the G-1 aircraft reaches a net book value of \$0, the Parties will be required to determine the appropriate pathway for disposition.

Battelle and DOE agree the best interests of both Parties are served by executing an Advance Agreement on the costs and disposition pathways for the Battelle owned personal property/ nuclear materials and an agreement for the use and costs associated with the G-1 aircraft. The text of those advance agreements are described as follows in Appendix J-1 and Appendix J-2.

Agreed and acknowledged by the Parties as of the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Battelle Memorial Institute

U.S. Department of Energy

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX J-1

### ADVANCE AGREEMENT ON COSTS AND DISPOSITION OF BATTELLE OWNED PERSONAL PROPERTY

The Parties acknowledge that in consideration of the extension of Contract No. DE-AC05-76RL01830 from October 1, 2012 through September 30, 2017, it would be in the best interests of both Parties to enter into this Advance Agreement on Costs and Disposition of Battelle Owned Personal Property (hereinafter referred to as “the Agreement – Personal Property”),

The Parties agree as follows:

#### General Principles

1. All personal property transferred to DOE under Attachment A, Personal Property Sales Agreement, or Attachment AA, Personal Property Sales Agreement, to this Agreement - Personal Property will be appropriately tagged by December 31, 2012, or December 31, 2013, as appropriate. This requirement applies only where a physical tag is required in accordance with the DOE property requirements.
2. 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 - Personal Property. Nothing herein shall be construed as implying that the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.

#### Miscellaneous Personal Property

3. As of October 1, 2012, the title to all personal property identified in Attachment A shall be transferred to and reside in DOE.
4. As of October 1, 2012, all costs (including depreciation, insurance and cost of capital), associated with the maintenance and management (including disposition) pursuant to the DOE-approved property management system, of the personal property identified on Attachment B that are otherwise allowable under the terms of the PNNL Prime Contract shall be allowable, if not otherwise unallowable under any other term of the Contract, so long as:
  - a. The property remains functional and available for DOE use, and
  - b. The property and its associated costs will be properly allocated to the benefiting projects, and
  - c. The property is necessary for conduct of assigned missions and/or capabilities of PNNL, and

- d. DOE has not expressly declined utilization of the property.
5. As of October 1, 2013, no further depreciation, insurance or cost of capital shall be charged or considered allowable for the property identified in Attachment B.
6. As of October 1, 2013, the title to all personal property identified in Attachment B shall be transferred to and reside in DOE. The consideration for the transfer of title to all miscellaneous personal property identified in Attachment A from Battelle to DOE will be documented in the initial executed sales agreement.
7. The consideration for the transfer of title to all miscellaneous personal property identified in Attachment B from Battelle to DOE will be documented in the subsequent executed sales agreement (Attachment AA).

#### Aircraft

8. Battelle currently owns a certain aircraft and associated personal property, as described in Attachment C - Personal Property Associated with G-1 Aircraft.
9. Missions assigned to and undertaken by Battelle as Operator of PNNL have need for such aircraft. As such it is considered in the Government's interest for Battelle to continue to provide such aircraft and associated personal property on an exclusive basis for use under the PNNL Prime Contract. While in the service of PNNL, such aircraft will be maintained in compliance with any and all statutes, laws, ordinances, regulations and standards or directives issued by any governmental agency applicable to the maintenance thereof, in compliance with any airworthiness certificate, license or registration relating to such aircraft issued by any agency and in a manner that does not modify or impair any existing warranties on the aircraft or any part thereof.
10. As of October 1, 2012, expenses associated with the maintenance and management of such aircraft and associated personal property identified in Attachment C (including, without limitation, (i) depreciation, (ii) the cost of capital, (iii) the allocable portion of a liability insurance policy with a policy limit of \$50,000,000.00, (iv) future repair/replacement of parts or components of the aircraft and associated personal property, and (v) all costs of maintaining and managing the aircraft and associated personal property) shall be allowable under the terms of the PNNL Prime Contract, if not otherwise unallowable under any other term of the Contract, so long as:
  - a. The aircraft and associated personal property remain functional and available for DOE use, and
  - b. The aircraft and associated personal property are necessary for conduct of assigned missions and/or capabilities of PNNL, and
  - c. DOE has not expressly declined utilization of the aircraft and associated personal property.
11. Given that some parts are no longer manufactured for the G-1, exception is given to Clause I-12, FAR 52.211-5 Material Requirements for those items necessary for G-1 operation

and maintenance. Battelle may purchase used and/or refurbished items as appropriate such that airworthiness is not imperiled. Projects may elect to bear certain expenses such as replacement parts and spares to assure mission readiness such authorizations will be made and/or limited via explicit direction in work authorizations. Otherwise all federally funded capital expenditures must be authorized by the CO.

12. If and when DOE determines that PNNL mission needs no longer necessitate utilization of the G-1, DOE shall provide Battelle 90 days' notice. DOE agrees to restoration of the G-1 of any federally funded mission specific modifications, if requested by Battelle. Upon such notice and possible sale, DOE agrees to abandon all federal property and parts installed on the G-1 in exchange for recovery of the value of such parts and any creditable depreciation recapture by Battelle.
13. In accordance with disclosed accounting practices, Battelle will set a reasonable hour base for application of pooled costs. Un-recouped pool costs will be applied across DOE users, unless otherwise explicitly directed by the CO.
14. Battelle shall bear the entire risk of any property loss, theft, confiscation, expropriation, requisition, damage to, or destruction of, such aircraft or part thereof owned by Battelle from any cause whatsoever, except to the extent such events directly result from the gross negligence or willful misconduct of DOE. If for any reason such aircraft, or any part thereof owned by Battelle becomes irreparably damaged or unusable, then Battelle, may at its own cost and expense replace such property and equipment or withdraw the aircraft or part thereof from PNNL use.
15. At no point shall such aircraft be transferred to DOE without express written acceptance by DOE.
16. Battelle shall annually update the status of personal property described on Attachment C.