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| AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT | 1. CONTRACT ID CODE | PAGE 1 | OF | PAGES 2 |
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|---|---|--|--------------------------------|
| 2. AMENDMENT/MODIFICATION NO. M1018 | 3. EFFECTIVE DATE (M/D/Y) See Block 16C | 4. REQUISITION/PURCHASE REQ. NO. N/A | 5. PROJECT NO. (If applicable) |
|---|---|--|--------------------------------|

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| 6. ISSUED BY CODE U.S. Department of Energy Pacific Northwest Site Office Post Office Box 350 Richland, WA 99352 | 7. ADMINISTERED BY (If other than Item 6) CODE |
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| 8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP code) Battelle Memorial Institute Pacific Northwest Division Richland, Benton County, WA 99352 DUNS # 032987476 | <input type="checkbox"/> | 9A. AMENDMENT OF SOLICITATION NO. |
| | <input type="checkbox"/> | 9B. DATED (SEE ITEM 11) |
| | <input checked="" type="checkbox"/> | 10A. MODIFICATION OF CONTRACT/ ORDER NO. DE-AC05-76RL01830 |
| | | 10B. DATED (SEE ITEM 13) December 30, 1964 |

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| CODE | FACILITY CODE | 11. THIS ITEM APPLIES TO AMENDMENTS OF SOLICITATIONS |
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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. Offers 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 DATE AND HOUR 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 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 SET FORTH IN ITEM 14.

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| CHECK | A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE |
| <input type="checkbox"/> | |
| <input type="checkbox"/> | B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO AUTHORITY OF FAR 43.103(b). |
| <input checked="" type="checkbox"/> | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: The mutual agreement of the parties |
| <input type="checkbox"/> | D. OTHER (Specify type of modification and authority) |

E. IMPORTANT: Contractor is not, is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including a solicitation/contract subject matter where feasible.)
This bilateral contract modification incorporates changes to Part III, Section J, List of Documents, Exhibits and Other Attachments. (See Continuation Pages for the purpose and description of this modification)

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| 15A. NAME AND TITLE OF SIGNER (Type or print) Vincent A. Branton General Counsel | 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Ryan M. Kilbury Contracting Officer |
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| 15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign) | 15C. DATE SIGNED 6/17/15 | 16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer) | 16C. DATE SIGNED 6-18-15 |
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Purpose of Modification:

The Department of Energy (DOE), Office of Science (SC), Pacific Northwest Site Office (PNSO) is modifying the Contract to update Part III – List of Documents, Exhibits, And Other Attachments, Section J, List of Attachments, Appendix J – Advance Agreement on Costs and Associated Use of Battelle-Owned Facilities and Real Property to its most current form.

Description of Modification:

1. Delete in its entirety, Part III, Section J, Appendix J - Advance Agreement on Costs and Associated Use of Battelle-Owned Facilities and Real Property, and replace with Part III, Section J – Appendix J Advance Agreement on Costs and Associated Use of Battelle-Owned Facilities and Real Property. **[M1018]**
2. This modification results in no further changes to the Contract.

(End of Contract Modification)

Contract Number: DE-AC05-76RL01830
Modification M1018

**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 Battelle-owned vacant land north of Battelle Boulevard, Other Structures and Facilities and 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 Battelle-owned vacant land north of Battelle Boulevard, Other Structures and Facilities and 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 (RTL520)) 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 RTL520 prior to September 30, 2020. This agreement is based on the currently known extent of 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.

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.
13. For as long as Battelle Memorial Institute remains as the operating contractor for PNNL, the cost based arrangement remains in place and DOE enjoys the benefit of the investments made in LSL-2. Should DOE exercise the option to lease LSL-2, in return for investments made to LSL-2, Battelle grants to DOE a guarantee period of not less than 20 years of exclusive availability of the facility. This guarantee period begins and is in effect as of 10/1/2017. For purposes of the establishment of fair market rent, the Parties agree to utilize the unexecuted lease valuation and base rent that was mutually agreed to on 10/1/2012 as the base for future rental periods, allowing for adjustments in 5 year increments for the rental amount for both DOE investments >\$250,000 and CPI. Beginning 10/1/2012, adjustments for DOE investments >\$250,000 will be accumulated during 5 year increments and for every dollar DOE expends for these investments, the Parties agree that DOE will be provided a credit of 50 cents on the dollar, amortized over

the next 20 years. Rent will be adjusted for the following 20 year period (first adjustment beginning 10/1/2017, second adjustment 10/1/2022). CPI adjustment will be done in 5 year tiers consistent with 10/1/12 unexecuted Lease (with CPI adjustment beginning 10/1/12) . CPI to be applied to 10/1/12 Initial Rent.

| LSL-2 | Unexecuted Lease Values |
|------------------|-------------------------|
| Building Rent | \$2,385,240 |
| Building Sq. Ft. | 103,075 |
| Rental Rate | 23.14 |

14. The Parties acknowledge and agree that DOE will assume all responsibility (to include both regulatory and financial aspects) for demolition of RTL 520 and the RTL outbuildings. The Parties also agree RTL and RTL Outbuilding Demolition is to be completed by no later than FY2020 if external funding is not secured (schedule shall be adjusted if external funding is secured prior to 2018). 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.

RTL Buildings 524 and 560 are considered to be integral to RTL 520 and as such will be consumed by the demolition of RTL 520. RTL 530 is presumed to have suspect radiological contamination and as such will require a level of remediation commensurate with RTL 520.

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

Similarly, the Parties acknowledge and agree that Battelle will assume all responsibility (to include both regulatory and financial aspects) for demolition of the Engineering Services Building (ESB). ESB will be removed from the contract no later than September 30, 2016 and will require no further federal obligation. DOE agrees to allow the write off the remaining balance of the ESB backflow preventer, which was installed in support of PNNL use.

This agreement is based on the currently known extent of 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.

The Parties acknowledge and agree that this mutual agreement is explicitly applicable only to this agreement and is not to be used as the basis for any future agreements between the parties for the remainder of Battelle owned facilities.

Agreed and acknowledged by the Parties as of the 15th day of May, 2015.

Battelle Memorial Institute

By: 

Date: 6-15-15

U.S. Department of Energy

By: 

Date: 6-16-15