

National Security Technologies, LLC (NSTec)

**SECTION J**

**APPENDIX A**

**ADVANCE UNDERSTANDINGS**

**HUMAN RESOURCES FOR PROFIT CONTRACTORS**

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National Security Technologies (NSTec)  
Section J, Appendix A  
Advance Understandings  
Human Resources for Profit Contractors  
Contract No. DE-AC52-06NA25946

**Modification 137**

**Appendix A – Advance Understandings – Human Resources For-Profit Contractors, Section III – Compensation, Paragraph C – Individual Compensation Actions, is modified by deleting “Director, Mission Support Services and Performance Assurance” and adding “Director, Enterprise Resources”.**

**Appendix A – Advance Understandings – Human Resources For-Profit Contractors, is modified by deleting the text in Section X. – Recruitment, Paragraph F – Special Employment Programs, and substituting the following text in lieu thereof:**

**Modification 121**

**Appendix A – Advance Understandings – Human Resources For-Profit Contractors, is modified by deleting the text in section III, D.1, Compensation, Other Pay Programs, Employee bonus Award Program, and substituting the following text in lieu thereof.**

**Modification Number 110**

**Modification Number M041**

**Contract No. DE-AC52-06NA25946**

**Paragraph II, 1., (DEFINITIONS, Accredited Services), is modified by adding language the following language as the second paragraph of the definition.**

**Paragraph III.C., (COMPENSATION, Individual Compensation Actions), is modified by deleting the current test in its entirety and substituting the following text in lieu thereof.**

**Paragraph III.D.2.d (OTHER PAY, Pay For Time Not Worked, Bereavement), is modified by deleting the current text of subparagraph (3) in its entirety and substituting the following text in lieu thereof.**

**Paragraph III.E.10 (OTHER PAY, Pay in Addition to Base Pay, Subsistence Allowances), is modified by deleting the current text of subparagraph e. in its entirety and substituting the following text in lieu thereof.**

**Part III, List of Documents, Exhibits, and Other Attachments, Appendix A, Advance Understandings – Human Resources for Profit Contractors, is modified as set forth below.**

**Paragraph II, Definitions**

**Paragraph III, C. Compensation, Individual Compensation Actions**

**Paragraph III, E.2 Compensation, Pay in Addition to Base Pay, Shift Differentials**

**Paragraph III. E.10 Compensation, Pay in Addition to Base Pay, Subsistence Allowance**

**Paragraph III, E.21 Compensation, Pay in Addition to Base Pay, Device Assembly Facility (DAF) Radiation Control Technicians (RCTs)**

## I. INTRODUCTION

These advance understandings set forth those Contractor Human Resource Management policies and related expenses that have cost implications under the contract, and identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of the Contract work. Only those items of personnel costs and related expenses that are set forth herein or specifically referenced in these advance understandings are allowable costs by advance understanding under this Contract. Nothing in these advance understandings is intended to alter the terms and conditions of any collective bargaining agreement.

The Contractor shall select, manage, and direct the work force. The Contractor shall use effective management review procedures and internal controls to assure that areas requiring prior approval of the NNSA Contracting Officer or designee are reviewed and approved prior to incurrence of costs.

Either party may request that these advance understandings be revised and the parties agree to give consideration in good faith to any such request. Revisions to the advance understandings shall be accomplished by executing a contract modification.

These advance understandings are adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in these advance understandings to the Contracting Officer or designee.

The Contractor will, in accordance with its commitment to excellence and its philosophy of continuous improvement, meet performance objectives under best practices in the design, implementation, and administration of its Human Resource Management Programs. For purposes of evaluating work under the contract for Contractor administration of Human Resource Management Programs, NNSA shall consider the degree to which the Contractor has achieved best business practices defined by performance objectives.

## II. DEFINITIONS

**Paragraph II 5, (DEFINITIONS, Accredited Services), is modified by adding the following language as the second paragraph of the definition.**

1. Accredited Service. NSTec employees transferring directly from Northrop Grumman, AECOM, CH2M Hill, or Nuclear Fuel Services will retain the continuous or credited service date recognized by the NSTec parent companies from which they transfer for the purpose of eligibility for benefits, including service awards, PTO, and 401(k) and pension plan vesting. In addition, employees who transfer directly to NSTec from the predecessor contractor will retain the site service date and continuous service date recognized by the predecessor contractor. Employees who are hired by NSTec with predecessor contractor service will be given credit for NTS site service for benefit purposes, if there has not been a break in service longer than three years. Vested and credited service in the Thrift Plan and Pension Plan are subject to ERISA service rules.

**Employees transferring directly from Babcock & Wilcox company without prior Nuclear Fuel Services service will be credited with continuous service as of January 5, 2009 (the date The Babcock & Wilcox Company acquired Nuclear Fuel Services), or their actual service date as established by Babcock & Wilcox, whichever is later.**

2. Bargaining Unit Employees (Union Employees). Employees whose wages, hours of work, and working conditions have been negotiated into labor contracts.
3. Base Pay. The compensation of an exempt or nonexempt employee, exclusive of premium pay or other type of compensation. The base pay is expressed as an hourly, weekly, or annual rate.
4. Basic Workweek - Nonbargaining employees. A 40-hour workweek consisting of five consecutive basic workdays of eight hours each.

**Paragraph II 5, (DEFINITIONS, Casual Employee) is modified by deleting the current text in its entirety and substituting the following text in lieu thereof:**

5. Casual Employee. **Employment status of an employee hired to provide manpower when temporary employees are needed for a specific project or to respond to an immediate need. Casual employees are called to work when needed and work as many hours per week as necessary. All hours worked will be compensated as nonexempt nonbargaining employees. Casual employees may work for NSTec a maximum of 900 hours per calendar year. Any casual employee who works less than 40 hours in a nine-month period may be administratively terminated. Casual employees are covered by legally required benefits, but do not receive or participate in any other type of employee benefit program, group insurance plans, or paid absences. Casual employees will not be eligible to receive benefits provided under the Defense Authorization Act, Section 3161, upon termination.**
6. Casual Overtime. Work in excess of the basic workweek that cannot be scheduled in advance.
7. CFR. Code of Federal Regulations
8. Compensation Increase Plan (CIP). A plan for establishing need and specifying distribution of maximum dollar amounts and/or percentage of base payroll on an annualized basis, to be

allocated to employee groups for base pay increases or lump sum payments during a pay year. The amounts approved are for granting merit, promotion, adjustment, and reclassification increases.

9. Compressed Workweek. A work period designed to allow employees to fulfill work requirements in fewer days by increasing the number of hours worked in a single workday. A compressed workweek is expressed as 4/10 (four consecutive work days of 10 hours each to total 40 hours worked in a one-week period resulting in three consecutive days off during each workweek) or 9/80 (nine work days totaling 80 hours worked in a two-week period resulting in two consecutive days off the first week and three consecutive days off the second week).
10. Contractor. Refers to National Security Technologies, LLC (NSTec). The responsibilities and authorities specified in this Appendix for the "Contractor" shall be exercised by the General Manager of NSTec or his authorized representative.
11. Exempt Employee. Executive, administrative and professional employees who are exempt from certain provisions of the Fair Labor Standards Act (FLSA).

**Paragraph II. (DEFINITIONS) is modified by adding the definition of furlough as item 12.b. as follows:**

12. Full-Time. Employment status of an employee regularly scheduled to work 40 or more hours per workweek.

**12.b. Furlough. The period of time in which an employee is placed in non-pay status because of lack of work, lack of funds, or other nondisciplinary reasons. Furloughs must be more than 40 consecutive work hours and cannot exceed 60 calendar days in a rolling 12-month period.**

13. Incentive. A reward, financial or otherwise, that compensates the worker(s) for high and/or continued performance above standards. An incentive also is a motivating influence to induce accomplishment or performance above normal.
14. Job Worth Hierarchy. A ranking of jobs within an organization by relative value to the organization for pay purposes.
15. Merit Increase. An adjustment to individual salary based on performance ranking.
16. Nonexempt Nonbargaining Employees. Employees who are subject to minimum wage and overtime pay provisions of the Fair Labor Standards Act, and who are not covered by a collective bargaining agreement.
17. Overtime Pay. Total amount of pay including base pay portion for work beyond 40 hours in a workweek.
18. Part-Time. Employment status of an employee regularly scheduled to work less than 40 hours per workweek. Employees in this status are considered nonexempt for overtime purposes.
19. Promotion. The assignment of an employee to a job of greater value to the organization. This

assignment is sometimes recognized by a higher job classification or pay grade.

20. Salary Range. The range of pay rates, from minimum to maximum, set for a pay grade or job classification.
21. Special Adjustment. An increase to an employee's base pay due to internal or external equity considerations.
22. Termination. When an employee quits, retires, dies, or is discharged, affected by a reduction-in-force, or removed from the payroll because of disability (as distinguished from disability absence where the employee is not removed from the payroll).

### III. COMPENSATION

A. Compensation Program. The Contractor's Compensation Program includes the following:

1. Initial design of the Contractor's Compensation Program is supported by relevant data comparing the Contractor's Compensation Program with other industry benchmark programs. The Contractor Program shall include the following components:
  - a. Philosophy and strategy for all pay delivery programs.

The Contractor's Compensation Program is designed to maximize retention of incumbent employees, to provide financial motivation, and to attract world class technical and administrative talent to meet mission objectives. The program provides a consistent and cost-conscious approach to paying salaries that are externally competitive and internally equitable. It also provides tools to guide management decisions and to forecast and control compensation costs.

- b. System for establishing a job worth hierarchy.

Each job classification is evaluated using a point factor comparison system to determine its value in relationship to other jobs within the organization. Job evaluation is conducted when a new job is developed or when the scope of responsibilities of an existing job has changed.

- c. Method for relating internal job worth hierarchy to external market.

- (1) The Contractor is a competitor in the local and regional labor market area for nonexempt and exempt salaried personnel and will maintain equitable compensation levels and benefit policies and practices commensurate with other comparable employers in the area where the Contractor operates and competes for labor under this project.
    - (2) The Contractor recruits its exempt personnel from regional and national labor markets. Accordingly, compensation and benefit levels will be commensurate, equitable, and competitive with comparable positions in the industries and employment markets in which the Contractor operates and competes for labor

under this project. Third party surveys establish benchmarks from specific labor markets. Regular survey participation, professional networking, and employee feedback provide quantitative and qualitative data compensation comparisons.

- d. The Contractor Compensation system links individual and/or group performance to compensation decisions. Employee performance, peer ranking, and project results are used in conjunction with other management tools in making decisions regarding compensation. Individual and team performance are the most important factors to consider in planning salary increases. Several other factors must also be considered: the employee's position in the salary range, equity with others in the organization, the external labor market, and budgetary considerations.

- e. Method for planning and monitoring the expenditure of funds.

An annual salary plan is prepared, based on agreed upon guidelines. Progress against the plan is monitored to assure compliance with the plan and budget.

- f. Method for assuring compliance with applicable laws and regulations.

Contractor will be compensated for publications, professional seminars, professional associations, legal counsel, and other information sources to assure adequacy of information regarding applicable laws and regulations.

- g. System for communicating the programs to employees.

Contractor will be compensated for any employee handbooks, newsletters or other written communications, training programs, or electronic systems that are used to inform employees about Contractor's human resources programs.

- h. System for internal controls and self-assessment.

- i. The Contractor will submit proposed major Compensation Program design changes to the NNSA Contracting Officer for approval prior to implementation.

2. Any changes to the current compensation program will be submitted to the Contracting Officer or designee for approval.

## B. Compensation Increase Plan

1. Ninety days prior to the proposed implementation, the Contractor shall submit to the NNSA Contracting Officer or designee an actual Compensation Increase Plan (CIP) and Salary Ranges for approval. The CIP should include the following components and data:
  - a. Comparison of average pay to market average pay;
  - b. Information regarding surveys used for comparison;
  - c. Aging factors used for escalating survey data and supporting information;
  - d. Projection of escalation in the market and supporting information;
  - e. Information to support special adjustments;
  - f. Analysis to support special adjustments; and

- g. Funding requests for each payroll group (e.g., exempt and nonexempt) to include breakouts of merit, promotions, variable pay, special adjustments, and structure movements.
- h. Offer/acceptance ratios for last or current reporting period for each major employee group (e.g., exempt, non-exempt).
- i. Report employee attrition data for the most recent past period (either past fiscal year or YTD for the current FY); report percent attrition due to retirement, percent due to voluntary terminations and percent total for both combined for each major employee group (i.e. exempt, non-exempt).
  - (1) The proposed plan totals shall be expressed as a percentage of base population payroll for the end of the previous plan year.
  - (2) All increases granted under the CIP are chargeable when they occur, regardless of time of year in which the action transpires and whether the employee terminates before the year end;
  - (3) Specific payroll groups for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the NNSA Contracting Officer or designee;
  - (4) The NNSA Contracting Officer or designee may adjust the CIP amount after approval based on major changes in factors which significantly affect the plan amount and a discussion of the impact of budget and business constraints on the CIP amount;
  - (5) The Contractor shall submit an annual Contractor Salary-Wage Increase Expenditure Report (DOE Form 3220.8).

**Paragraph III.C., (COMPENSATION, Individual Compensation Actions), is modified by deleting the current text in its entirety and substituting the following text in lieu thereof:**

C. Individual Compensation Actions

**The NNSA Contracting Officer or designee approval is required prior to reimbursement for initial and proposed changes to base salary and/or payments under an Executive Incentive Plan for the following positions:**

- **President and General Manager**
- **Deputy General Manager and Chief Operating Officer**
- **Director, Defense Experimentation and Stockpile Stewardship**
- **Director, Environmental Management**
- **Director, Homeland Security and Defense Applications**
- **Director, Nuclear Operations**
- **Director, Operations and Infrastructure**
- **Director, Enterprise Resources**
- **Director, Project Management/Planning and Integration**
- **Director, National Center for Nuclear Security**
- **General Counsel**
- **Director, Environmental, Safety, Health and Quality**

**The Contractor shall submit the DOE F 3220.5, Application for Contractor Compensation Approval Form, along with supporting justification related to internal and external equity as well as individual performance for each of these positions at least 10 working days in advance of the proposed effective date of the action.**

**No NNSA funds shall be used for an Individual Compensation Actions set forth above prior to**

## **NNSA Contracting Officer or designee approval.**

### **D. Other Pay Programs**

**The following pay policy items are allowable costs and require NNSA approval within prescribed parameters. Among those costs are:**

#### **1. Employee Bonus Award Program**

- a. The Contractor shall submit for NNSA Contracting Officer or designee approval prior to implementing an employee bonus award program that aligns to the missions and objectives of the NTS and does not exceed 1.5% of payroll.**
- b. Additional Bonus for Non-Key Personnel. The contractor may provide on-time non-base lump sum payments as a form of bonus to non-key personnel in accordance with the cost reduction clause (DEAR 970.5215-4 – NNSA Deviation dated March 2011) from resulted shared savings earned and negotiated cost reduction proposals. (ADDED)**

#### **2. Pay for Time Not Worked**

- a. Paid Time Off (PTO). PTO is provided to eligible employees to be used as they wish, i.e., for vacation, sick leave, personal reasons, or religious observances. With the exception of illness, PTO is to be scheduled in advance and mutually agreed upon by the supervisor and the employee after taking work requirements into consideration.

##### **(1) Eligibility**

Salaried employees are eligible to use PTO as it accrues. No minimum length of service is required. Employees in casual status do not accrue PTO.

<u>Accredited Service Requirement</u>	<u>Annual Accrual</u>	<u>Max. Accrual *</u>
From Accredited Service Date		
Until 5th anniversary of that date	120 Hours	480 Hours
From 5th anniversary date		
Until 20th anniversary date	160 Hours	640 Hours
From 20th anniversary date forward	200 Hours	800 Hours

\* When an employee reaches the maximum accrual, no more PTO is accrued until time is charged to PTO and the hours go below the maximum. Employees deployed on an emergency response team (as listed in paragraph III.F.19.b) will be allowed to continue accruing PTO over the maximum for up to 4 months after their return from deployment.

- (2) Part-time employees accrue PTO on a prorated basis.
- (3) Employees will continue to accrue PTO during all paid absences (except when using donated PTO).

- (4) Employees will not accrue PTO while in any unpaid employment status for a full workweek.
- (5) Use of PTO must be approved by supervisors authorized to sign time records. PTO is used by employees in increments of one-half hour or more.
- (6) Approved holidays occurring during PTO will not be counted against PTO accounts.
- (7) Group insurance coverage will remain in force and premium payments will continue to be apportioned between employer and employee on the same basis as during active work time. Participation in the retirement savings plan will continue and contributions will be based on actual eligible earnings while on PTO.
- (8) If an employee is disabled and chooses to use PTO, it can be taken in up to full work day increments and paid in addition to short-term or long-term disability benefits, or integrated with workers compensation payments (see paragraph III.E.2.i following).
- (9) Upon termination or transfer to an NSTec affiliate (Northrop Grumman, AECOM, CH2M Hill, or Nuclear Fuel Services), the employee's unused PTO funds are transferred to that entity or paid off. The funds associated with this transfer or cash out are reimbursable under this Contract.
- (10) Employees can donate accrued PTO to fellow employees who have exhausted all accrued PTO and are undergoing either a family medical or personal medical crisis, including other special emergencies, as approved by the manager of HR.

b. Sick Leave Savings Account

- (1) Sick leave savings account balances effective 7/1/06 will remain.
- (2) For rehires with a break in service of three years or less, unused sick leave that was accrued at termination will be credited to the employee's sick leave savings account.
- (3) The sick leave savings account is supplemental to other benefits. It is not a vested benefit to which employees are entitled upon termination or reclassification from salaried to casual status. Consequently, the sick leave savings account will not be paid off upon termination.

c. Holidays

- (1) Eligible employees will be granted 80 hours of holiday pay each calendar year for the following holidays:

New Year's Day	Labor Day
Martin Luther King Day	Veterans Day
Presidents' Day	Thanksgiving Day

Memorial Day  
Independence Day

Day after Thanksgiving Day  
Christmas Day

- (2) When recognized holidays fall on a Saturday, the preceding Friday will be recognized as the holiday. When recognized holidays fall on a Sunday, they will be observed the following Monday.
- (3) For those employees working alternate work schedules/hours, a specific schedule will be established each calendar year.
- (4) Thirty days prior to the end of each calendar year, the Contractor will notify the NNSA Contracting Officer of the holidays to be observed.
- (5) To be eligible for holiday pay, the employee must be in paid status on the workday either preceding or following the holiday. No pay will be granted for a holiday that falls on the day preceding the date of employment, nor for a holiday that falls after the last day worked.
- (6) If a scheduled holiday occurs when an employee is on an approved paid absence (e.g., PTO, jury duty, etc), the employee is entitled to holiday pay and no charge is made against their PTO.

d. Bereavement Leave

**Paragraph III.D.2.d (OTHER PAY, Pay For Time Not Worked, Bereavement), is modified by deleting the current text of subparagraph (3) in its entirety and substituting the following text in lieu thereof:**

- (1) In connection with a death in the immediate family, a bereavement leave of up to three days with pay is granted with time record signature approval. No minimum length of service is required.
- (2) The paid leave can be used at the time of the death or within a reasonable period following the death.
- (3) **"Immediate family" is defined to include the following:**
  - A. Spouse or registered domestic partner**
  - B. Mother or father, mother-in-law or father-in-law, stepmother or stepfather, or foster mother or foster father**
  - C. Son or daughter, son-in-law or daughter-in-law, stepson or stepdaughter, or foster son or foster daughter**
  - D. Brother or sister, brother-in-law or sister-in-law, stepbrother or stepsister, or foster brother or foster sister**
  - E. Grandparents or spouse's or registered domestic partner's grandparents**
  - F. Grandchildren or spouse's or registered domestic partner's grandchildren**

**For bereavement leave, this definition is not limited to an Employee's natural or legal immediate family, and in the absence of a natural or legal relationship includes those**

**persons considered by family, friends, and the community to bear such a relationship to the Employee, including a legal guardian.**

e. Jury/Witness Duty

- (1) Employees who have been called to be selected or to serve on a jury impaneled by a civil authority, or who have been called to testify as witnesses in legal proceedings to which the employee is not a party either voluntarily or under subpoena, will be granted time off with pay. Time off with pay will not exceed the number of hours in their scheduled workday. Verification of an employee's attendance at court is required.
- (2) Compensation of any type received by the employee for the performance of court duty, excluding subsistence or travel allowances, shall be remitted to the Contractor by the employee.

f. Paid Absences Due to Emergency Conditions

- (1) The Contractor's senior officer or manager assigned at a location has the responsibility to decide whether a natural or civil emergency condition exists to the extent it prevents employees from reporting to work, or requires that they leave the work location during scheduled work hours.
- (2) When normal attendance requirements are waived or modified due to emergency situations, employees will be paid for the hours of excused absence at their base pay rate not to exceed the number of hours in their standard workday.
- (3) Natural emergency conditions include, but are not limited to, extreme weather conditions, utility failures, and life-threatening accidents. Civil emergencies include riots, demonstrations, and bomb threats. This policy is to be used in short-term situations and would not necessarily apply in the event of major catastrophes which might cause the disruption of operations for an extended period of time.

g. Time Off for Voting

The Contractor can grant an employee time off with pay for purposes of voting in a duly constituted election in accordance with applicable state laws.

h. Grievances and Arbitration Leave

A union steward is allowed time off with pay to perform the functions required of him/her in any grievance or arbitration proceeding. An employee called by the Contractor in such proceedings shall be paid for time lost.

i. Workers Compensation

- (1) The Contractor pays an employee "injury time" for absences from work as the result of a job-incurred injury or illness at 100 percent of base pay; unless/until the employee receives statutory workers compensation benefits. When the employee

receives statutory workers compensation benefits, the Contractor supplements these benefits with "injury time" up to 75 percent of base pay, not to exceed six (6) months or 26 weeks from the date of injury. Once an employee qualifies for statutory workers' compensation benefits, injury time paid at 100 percent will be adjusted retroactively to the 75 percent level as a supplement to the statutory benefit.

- (2) Employees may choose to supplement statutory workers' compensation benefits, including "injury time," up to 100 percent of base pay with their sick leave savings or PTO. The sick leave savings account can be used on the first day of absence if the absence is the result of a work-related injury (as defined by applicable Workers Compensation regulations). In such cases, payments to the employee from the sick leave savings account will be reduced by the amount of Workers Compensation benefits for which the employee is eligible, even if the employee fails to file a Workers Compensation claim.

j. Military Leave

- (1) Employees who are members of the armed forces of the United States or National Guard, and who have short-term military obligations for training purposes or civil emergencies will be granted 15 working days of leave per fiscal year to satisfy their obligations. The amount of pay received from NSTec during such leave is the difference, if any, between the employee's base pay at NSTec and the employee's military base pay.
- (2) Employees called to active military duty under presidential or congressional order, will receive up to one-half of their base rate of pay for at least 180 days after their call to active duty. Employees may use earned and/or accrued PTO to extend this 180-day period. In no instance will Contractor payments of salaries or wages and pay received for active military duty exceed employee's base pay rate earned prior to the call to active duty. For these purposes, active duty pay includes base pay, all specialty pay, and all allowances except housing, subsistence, travel, and uniform allowances. Employees will receive enrolled benefits for dependents for a period of 180 days that can be extended by earned and or accrued PTO. Employees will continue to accrue credited service for pension during the 180-day period.

k. Defense of Employees Involved in Work-Related Claims and Legal Actions

(This provision is intended to clarify how the vicarious liability of the Contractor for the acts of its employees will be administered. It is not intended to alter the parties' rights or responsibilities with respect to allowable costs or avoidable costs determinations.)

- (1) If a claim or legal action is brought against an employee as the result of the employee's conduct while performing duties under this contract and within the employee's scope of employment, the Contractor is allowed the cost of defending the employee, including appeals and cost of any judgment; provided, however, that the prior approval of the NNSA Contracting Officer or designee and the consent of the employee to be defended shall be obtained before any such defense is undertaken.

- (2) The provisions of the contract clause entitled "Litigation and Claims" shall have the same application to claims and legal actions against employees under this section as it has to those claims and legal actions which are brought directly against the Contractor. Before costs of any retained legal counsel is allowed, the selection of such counsel must have the concurrence of the NNSA Contracting Officer or designee.
- (3) When involved in any claim or legal action covered by this section, an employee is, with the prior approval of the NNSA Contracting Officer or designee be allowed time off with base pay on scheduled work days for consultation with counsel, trial attendance, and such other matters as are reasonably incident to the claim or legal action.

#### 1. Administrative Investigative Leave

Employees removed from an NSTec work site while pending investigation are placed on paid administrative investigative leave until the investigation has been completed, subject to approval by the Assistant General Manager, Support Services.

### E. Pay in Addition to Base Pay

#### 1. Overtime

- a. Eligible employees will receive overtime pay for hours worked in excess of the basic workweek. All overtime hours worked are subject to federal, state, or local labor laws.

In some states, such as California, the wage and hour laws on overtime is more stringent than the federal regulations. In such cases, the state laws take precedence over federal laws.

Authorized paid absences (PTO, Sick Leave Savings, Holidays, etc.) taken during a workweek will not be counted as time worked for purposes of computing overtime pay for the scheduled work day or workweek.

#### b. Exempt Employees

- (1) Employees in Letter Grades A through D

Employees in letter grades A through D will be paid one-and-one half times their base hourly rate for any hours worked in excess of 40 hours in a workweek. If required to work on paid holidays, these employees will be paid one-and-one-half times their base hourly rate, in addition to base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour workweek.

- (2) Employees in Letter Grades E through G

Employees in letter grades E through G can be paid overtime at their base pay rate when a significant amount of overtime in excess of the regularly scheduled 40-hour

workweek is scheduled, properly documented, and approved by the employee's immediate manager/supervisor in advance. Overtime will not be approved for casual overtime required to fulfill their regular duties and responsibilities.

Employees in these letter grades who are required to work on a scheduled holiday will be paid at their base pay rate for all hours actually worked, in addition to the base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour workweek.

(3) Employees in Letter Grades H through L

Employees in letter grades H through L are not typically paid overtime. Under unusual circumstances, employees can be paid overtime at the employee's base pay rate when a significant amount of overtime in excess of the regularly scheduled 40-hour workweek is scheduled and properly documented, including appropriate justification for an exception. The Contractor shall submit an overtime request for approval to the NNSA Contracting Officer or designee for employees in these grades. The NNSA Contracting Officer or designee will evaluate each request on a case-by-case basis.

Normally, employees who are required to work on a scheduled holiday receive pay only for the holiday. However, they receive pay at their base pay rate for hours actually worked in addition to the base pay for the holiday when the above overtime approvals have been granted.

c. Nonexempt Employees (Number grades 1 through 7)

Nonexempt employees will be paid one-and-one half times their base hourly rate for any hours worked in excess of 40 hours in a workweek. Any nonexempt employee who is required to work on a paid holiday will be paid one-and-one half times their base hourly rate, in addition to the base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour workweek.

d. Overtime Pay - Training Programs (grades 1 through 7 and A through D only)

Attendance at lectures, meetings, training programs and similar activities outside the employee's scheduled working hours should not be counted as time worked for overtime purposes if all of the following criteria are met:

- (1) Attendance is voluntary; and
- (2) The course, lecture or meeting is not directly related to the employee's job; and
- (3) The employee does not perform any productive work during attendance.

If any one of these criteria is not met, overtime must be paid.

When employees, on their own initiative, attend an independent school or college course after their scheduled work hours, the time is not hours worked for overtime purposes

even if the course is job-related and the Contractor refunds the tuition and/or program cost.

e. Overtime pay for casual employees

Casual employees will be paid one-and-one-half times their base hourly rate for any hours worked in excess of 40 in the workweek. Those who are required to work on holidays will be paid base pay only.

f. Overtime for bargaining unit employees

Overtime pay for bargaining unit employees is specified in the labor agreements.

**Paragraph III.E.2., (COMPENSATION, Pay in Addition to Base Pay, Shift Differentials), is modified by adding sub-paragraph f, as follows:**

2. Shift Differentials

- a. Employees in grades 1 through 7, grades A through G, and casual employees will be paid shift differential payments of 10 percent of their base salaries when they are assigned to one of the following for at least three consecutive workdays:
  - (1) A scheduled work shift that begins three or more hours before the start of the established daytime work shift.
  - (2) A scheduled work shift that begins three or more hours after the start of the established daytime work shift.
- b. Eligible employees will be paid the shift differential payment only for the days worked on other than an established daytime shift. The shift differential is not included in payment for paid absences such as PTO and holidays. Pay for such absences will be calculated on the base salary rate.
- c. Overtime pay on workdays when employees receive shift differential pay will be calculated using base salary plus shift differential.
- d. Shift differentials and Lead Man pay are allowable as specified by the Collective Bargaining Agreements.
- e. Employees in grades 1-7 who are assigned to a shift without being given 48 hours' notice of assignment or shift change are paid one and one-half times their base pay hourly rate for that portion of the newly scheduled shift which does not coincide with the hours of the employee's former shift during the first 48 hours of the new shift.
- f. NSTec employees in grades 1 through 7 and A through D working at the NIF at LLNL will be paid 7.5% for working swing shift and 15% for owl shift. During all leaves with pay and holidays, eligible employees are paid at the shift differential rate applicable to the shifts they would otherwise have been scheduled to work. Overtime hours are paid at the applicable shift differential rates times one and one-**

**half. When programmatic requirements necessitate a regular shift assignment for an extended period, employees in grades E through G may be paid the same shift differentials if approved in advance by the NSTec President.**

### 3. Call-In Pay

Employees in grades 1-7 who are called in to work after having left their job site at the end of their regular shift to perform work before, but not continuous with, their regular shift are provided at least four hours' pay. Employees in grades 1-7 who are assigned to a compressed workweek are paid a minimum of five hours of base pay. If no work is performed, the hours paid but not worked will be straight time, except on holidays when the applicable premium rate is paid. Only hours worked will count towards computing overtime.

### 4. Temporary Job Assignments

Employees in grades 1-7 who are assigned temporarily, 90 days or less, to a lower job classification retain and are paid their regular rate for the period of assignment. Employees in grades 1-7 who are assigned temporarily to a higher job classification are paid a twenty-five cent (\$.25) per hour premium or the minimum of the higher classification, whichever is higher, during the period of temporary assignment.

### 5. Flight Pay Premium

- a. Air crew members assigned to perform duties for a minimum of 30 minutes aboard diagnostic aircraft are paid a flight pay differential of 25 percent of their base pay for actual hours flown in the aircraft to the nearest hour. Flight crew members (pilots and mechanics) are not eligible for flight pay differential.
- b. Crew rest time for flight crew members is paid time if the required rest time would cause the individual to receive less than their normal base salary for that week.

### 6. Hazard Premium

- a. When nonbargaining employees are assigned to and do perform work on wooden poles or towers at a height of more than 40 feet, they shall be paid time and one-half their base pay for the actual time worked at such heights.
- b. When nonbargaining employees are assigned to and do perform work on wooden poles or towers at a height of more than 80 feet, they shall be paid double their base pay rate for the actual time worked at such heights.
- c. When nonbargaining employees are assigned to and do perform work in steel-cased drill holes at a depth in excess of 1,000 feet, they shall be paid at time and one-half their base pay rate for the actual time worked at such depths.
- d. The premium set forth above shall be computed and paid in increments of one hour.

### 7. Re-Entry Premium (Tunnel/Underground)

- a. Nonbargaining employees, while engaged in re-entry work and required by the Company to wear both full protective clothing (coveralls, booties, gloves, caps, etc.) and a full face respirator, shall receive a premium of one dollar (\$1.00) per hour above their base pay.
- b. If a nonbargaining employee engages in re-entry work during any portion of the workday, the employee shall receive the premium for the entire shift.

#### 8. Lead Differential/Work Direction Differential

An employee in grades 1-7 who is assigned to direct the work of other employees for a period of one workweek or longer receives seventy five cents (\$.75) per hour above his/her base pay for the actual hours worked in such a capacity. The Work Direction Differential is added to the employee's base pay for the purposes of computing overtime.

#### 9. Reporting Pay and Partial Shift Work

Employees in grades 1-7 are paid four hours of base pay (or five hours of base pay, if they work a compressed workweek) when they report for work on their assigned shift and are not put to work, except if no work is available by reason of inclement weather or other conditions beyond the control of the Contractor, or if the employee is discharged for cause or voluntarily terminates.

If put to work for a portion of their assigned shift, employees in grades 1-7 are paid a minimum of eight hours or a maximum of their basic work day at their base pay rate, except if no work is available by reason of inclement weather or other conditions beyond the control of the Contractor, or if the employee is discharged for cause or voluntarily terminates.

**Paragraph III.E.10, (COMPENSATION, Pay in Addition to Base Pay, Subsistence Allowance), is modified by deleting the current text of subparagraph e. in its entirety and substituting the following text in lieu thereof:**

#### 10. Subsistence Allowances

- a. Employees assigned to report at Mercury will be paid at the rate of \$5.00 per day worked.
- b. Employees assigned to reporting points beyond Mercury will be paid at the rate of \$7.50 per day worked.
- c. Employees assigned to TTR will receive \$7.50 per day subsistence for travel to NTS or Las Vegas when required to return to TTR the same day. If required to stay overnight at NTS, the employee will receive \$7.50 subsistence instead of \$5.00.
- d. Employees assigned to Las Vegas will receive \$5.00 for each day worked in Mercury; and \$7.50 for each day worked at NTS areas beyond Mercury, at TTR, and Nevada Research and Development (NRDA). To be eligible for this subsistence payment, employees must either report to or return from work at NTS, NRDA, or TTR on their own time or using other than government furnished transportation unless required to stay overnight.

- e. Employees assigned to Las Vegas will receive \$5.00 for each day worked in Mercury; and \$7.50 for each day worked at NTS areas beyond Mercury, at TTR, and Nevada Research and Development (NRDA) in accordance with the following table:**

When travel occurs	What vehicle is used	Subsistence?
Before start of normal workday	Any vehicle	Yes
During workday (both directions)	Government vehicle	No
During workday (both directions)	Personal vehicle (no government vehicle available)	Yes
During workday (both directions)	Personal vehicle by choice (government vehicle is available)	No
After end of normal workday	Any vehicle	Yes
Any time and required to spend the night at the site	Any vehicle	Yes

- f. TTR employees required to stay overnight in Las Vegas will be in official travel status.
- g. Nonbargaining employees who are required to work without a 12-hour break during a 24-hour period and who spend the night at the Nevada Test Site will receive \$10.00 per occasion meal allowance in addition to the above daily subsistence allowances.

#### 11. Retention Bonus

When critical personnel are at risk of leaving the Contractor and their leaving would be to the detriment of a major project or program, the Contractor may request the Contracting Officer's approval of an appropriate retention bonus, separate from the annual CIP budget.

#### 12. Pay in Lieu of Notice

When the Contractor is unable to give advance notice to employees of an impending RIE, full time employees may be paid two weeks pay in lieu of notice at the discretion of the General Manager.

#### 13. Personnel Borrowed

It is recognized that the technical and staffing requirements of the Contractor will vary during the performance of this Contract. The technical and staff support capabilities of the Contract and its affiliates were proposed and recognized in the competitive selection process. Therefore, the Contractor may obtain direct support from affiliates to meet technical and staffing requirements on an as-needed basis. The process and procedure for utilizing support from affiliates shall be approved by the Contracting Officer.

Services from approved Contractor affiliates will be at cost without additional fee or profit. Allowable cost will include direct costs and all allocable affiliate indirect costs in accordance with applicable DCAA cost principles and cost accounting standards. Temporary assignments of Contractor affiliate personnel to the NTS Site or other sites

identified in this Contract shall bear indirect costs based upon a DCAA recommended/approved offsite rate that excludes home office facilities related costs. However, in the event a DCAA recommendation/approved offsite rate does not exist for a specific Contractor affiliate, the Contractor affiliate shall not be required to develop an offsite rate unless the temporary assignment exceeds 6 months.

Contractor affiliates providing such services and personnel shall perform the work in accordance with applicable terms and conditions of this Contract.

#### 14. NSTec Personnel Loaned

The Contractor may loan, at no cost to the Government, individuals working under this Contract to other operations of the parent companies (Northrop Grumman, AECOM, CH2M Hill, and Nuclear Fuel Services) or their affiliates on a non-interference basis as determined by the Contractor. Loans longer than six months require Contracting Officer or designee approval.

The receiving organization will reimburse the Contractor for full costs plus NNSA adds as appropriate. Travel costs of such loaned personnel will be the responsibility of the requesting company.

#### 15. NSTec Personnel Loaned to Outside Organizations

With the prior approval of the NNSA Contracting Officer or designee, the Contractor can temporarily assign NSTec employees to locations and organizations other than their assigned organization. Such assignments could be to federal, state, and local government, non-profit organizations, private sector partners, or other customers.

Such assignments must be in the best interest of the NNSA and the Contractor.

The term of these assignments will be determined to best meet the needs and obligations of the specific request but normally will be two years or less. Up to 100 percent of the cost of the assignment to the Contractor will be reimbursed, as provided in the approval letter.

Employees on temporary assignment will remain employees of NSTec, LLC.

#### 16. Commuting Benefits

Contractor will provide non-taxable commuting benefits as defined by IRS guidelines for transportation passes to employees working in the Washington, D.C. area, remaining consistent with NNSA employees receiving commuting benefits in Washington, D.C.

#### 17. Evacuation Pay

- a. An employee (except a nonexempt twenty-four (24) hour shift Fire Department employee) evacuated temporarily from the employee's assigned work site and for whom no work is provided, but whose services are further required in support of continuing operations, will be paid at his/her base hourly rate up to a maximum of ten hours per day, for all hours not worked and which the employee would have normally worked had he/she not been evacuated.

- b. If an employee in grades 1-7 and A-D (except a nonexempt twenty-four (24) hour shift Fire Department employee) is in an evacuation status and a work status on the same day, the employee will be paid their base hourly rate for a combination of the two statuses up to the hours in their basic scheduled workweek, or for the actual hours worked, whichever is longer.
- c. Nonexempt twenty-four (24) hour shift Fire Department employees are paid at their regular scheduled rate of pay for all time that corresponds to their basic scheduled work day while in evacuation status. Should the employee work on a scheduled non-work day while in evacuation status, the employee will be compensated for all hours worked at the applicable rate of pay for the type of work performed.
- d. If no work is performed on the employee's scheduled non-work day while in evacuation status, no payment will be made for that day.

#### 18. Death Benefit

- a. In the event of the death of a nonbargaining full time employee, the Contractor will pay the surviving spouse or other designated beneficiary, or if there is no surviving spouse or other designated beneficiary, will pay the estate of the deceased, a lump sum amount not to exceed four weeks at the employee's then-current base or equivalent hourly rate as well as any earned and accrued PTO due.
- b. Upon the death of an employee while in travel status or on temporary duty assignment, the cost of preparation and transportation is allowable for the deceased employee, dependents of the deceased employee, and the personal effects of the deceased employee. This allowable cost will be from the place of travel assignment or temporary duty assignment to the place of the employee's permanent duty station or equivalent distance. The above is applicable providing the Contractor gave authorization for family members to accompany the employee on temporary duty assignment.

#### 19. Emergency Response Duty Pay

- a. NSTec employees in grades 1-7, grades A-G, and bargaining unit employees who are specifically authorized and scheduled to be available within a set number of hours for emergency response work outside their normal work hours are eligible to receive a flat-rate incentive payment of \$40 for each 24-hour period of coverage.
- b. Payment is limited to members of the following teams:
  - AMS Fixed Wing Team
  - AMS Rotary Wing Team
  - ECN Team
  - RAP0 Team
  - AMS NCR Rotary Wing Team
  - AMS P3 Team
  - WTSG Team
  - Nuclear Radiological Advisory Team (NRAT)
  - Search Response Team
  - Consequence Management Response Team Phase I

- Consequence Management Planning Team (CMPT)
  - Joint Technical Operations Team II (JTOT)
  - RSL-Nellis Duty Manager
  - Watchbill (supporting NNSA/NV Emergency Operations Center)
  - RSL-Nellis Home Team Manager
  - PTSB
  - ETSG
  - Secure Energy Analysis System Team
- c. If a team is deployed for an exercise or real-world event, the flat-rate incentive payment will continue to be paid during the deployment.
- d. The flat-rate incentive payment will be taxable income and appropriate deductions, including voluntary 401(k) contributions will be taken. It will not be included in overtime rate calculations.

## 20. Pay During Deployment

- a. Employees in grades 1-7 and A-G receive pay for the time spent in transportation to and from deployment as a member of one of the teams listed in paragraph III.F.19.b for exercises or real-world responses. This provision does NOT apply to routine business travel.
- b. Pay status begins from the time the employee arrives at RSL-Nellis or RSL-Andrews and ends when the employee is released from duty for the day at the destination. The reverse applies for the return trip.
- c. Straight time or time-and-a-half is paid depending on the employee's salary grade and the hours worked during the current workweek.

**Paragraph III.E.21., (COMPENSATION, Pay in Addition to Base Pay, Device Assembly Facility (DAF) Radiation Control technicians (RCTs), is modified by deleting the current text in its entirety and substituting the following text in lieu thereof:**

## **21. Device Assembly Facility (DAF) Duty Officer, DAF Operations and DAF Radiation Control Technicians (RCTs)**

- a. DAF Duty Officers or DAF Operators who are required to be on call and able to report within two hours are eligible to receive a flat-rate incentive payment of \$40 for each 24-hour period of coverage.**
- b. RCTs who are required to be on call and able to report within two hours during warm standby conditions at the DAF are eligible to receive a flat-rate incentive payment of \$40 for each 24-hour period of coverage.**
- c. The flat-rate incentive payment will be taxable income and appropriate deductions, will be taken. It will not be included in overtime rate calculations.**

Certification pay will require prior NNSA Contracting Officer or designee approval.

G. Site Allowance

Site allowances will be established with approval of the NNSA Contracting Officer or designee.

H. Location Pay for Temporary Assignments

Location pay for temporary assignments will be established, including amount of pay and the circumstances under which it is provided with approval of the Contracting Officer or designee.

I. Severance Pay - Nonbargaining Employees

- a. In the event of a Reduction in Employment (RIE), the Contractor will pay one week base pay to all full-time employees with less than one year of accredited service and one week's base pay per year of accredited service to employees with one or more years of service to a maximum of 15 weeks severance pay. Employees must complete at least six months of accredited service in their final year of employment to receive one week's severance pay for that year. Severance pay will not be given for any previous service where severance was paid by a Contractor or affiliate.
- b. Employees who (1) accept transfer to another facility, subsidiary, or affiliate of the Contractor, (2) who are offered employment by a successor contractor, (3) who resign, or (4) who are discharged for cause, will not be eligible for severance pay.
- c. Employees who have been accepted for a voluntary RIE or who are impacted by a RIE and who are eligible for and subsequently elect retirement will not be denied severance pay. In the event NNSA approves a special one-time retirement incentive in connection with a work force reduction, the eligibility "window" for the retirement incentive will be closed before any voluntary or involuntary RIE designations are made. Employees electing a retirement incentive are not eligible for severance pay.
- d. Severance pay is not counted as pay or service in calculating retirement benefits.
- e. The term "severance pay" does not include incentives for employees who voluntarily separate or retire.

**END OF MODIFICATION**

#### IV. EMPLOYEE BENEFITS PROGRAMS

##### A. Group Health and Welfare Programs

1. The employee benefit plans and related costs are approved by the NNSA Contracting Officer for application to employees working on this contract and are reimbursable. Annually, the Contractor will provide the NNSA Contracting Officer with a detailed breakout of estimated plan costs and premiums for the upcoming plan year. In addition, any change in benefits or benefit plan design that increases cost to the Government must be submitted to the NNSA Contracting Officer for approval at least 90 days prior to the implementation of such change.
2. Group health and welfare plans include the following: Health, Dental, Vision, Health Maintenance Organizations, Pharmacy Benefit Management Program, Short-term Disability, Long-term Disability, Voluntary Personal Accident Insurance, Basic Life Insurance, Supplemental Life Insurance, Dependent Life Insurance, Business Travel Accident Insurance, Special Activity Accident Insurance, Long-term Care Insurance, and Health Care and Dependent Care Flexible Spending Accounts. Details of these plans are included in the appropriate Summary Plan Description or insurance contract on file with the NNSA Contracting Officer or designee.
3. Retiree medical and life insurance continuation plans will be offered to eligible employees in accordance with plans on file with and approved by the NNSA Contracting Officer or designee.

##### B. Medical Benefits Program for Employees Affected by a Reduction in Employment

1. The cost for continuation of medical coverage for Contractor employees who have been voluntarily or involuntarily separated from employment in connection with a work force reduction will be reimbursable provided the employee was:
  - a. Eligible for medical insurance coverage under the Contractor's plan at the time of separation from employment; and
  - b. Not eligible for coverage under another employer's group health plan or under Medicare since the date of separation.
2. Employee premiums for this program are as follows:

First year: current active employee rate  
Second year: 50 percent of appropriate COBRA rate  
Third year and beyond: 100 percent of appropriate COBRA rate

##### C. Legally Required Benefits

All legally required benefits, such as Old Age, Survivor's and Disability Insurance; Unemployment Compensation; Worker's Compensation; and Employer's Liability Insurance, are allowable costs. Any major change to the above requires the approval of the NNSA Contracting Officer or designee.

#### D. Medical Facilities and Health Services

1. The cost of providing periodic and termination physical examinations and associated medical services to employees will be allowed under a plan approved by the NNSA Contracting Officer or designee. The cost of associated medical services shall be limited to immunization, inoculation, and emergency treatment, except as otherwise approved by the NNSA Contracting Officer or designee.
2. The reasonable costs of establishment and operation of job site medical facilities, air evacuation (military and civilian), and the reasonable costs of medical care with medical doctors on call twenty-four hours per day, seven days per week are allowable for employees. Services will be available when en route between established point of origin and the job site and while on official travel status or authorized leave.
3. Employees are paid at their base or equivalent hourly rate for time spent during regular working hours in receiving the above medical and health services when furnished or required by the Contractor.

#### E. Recreation and Employee Morale

1. The Contractor may contribute to recreational and morale-building programs the sum of twenty dollars times the number of full-time employees on the Contractor's payroll on April 1 and October 1 of each year. This includes activities such as participation in diversity events and other programs consistent with the allowable cost clause of this contract. Contractor will submit an annual Recreation and Employee Morale Plan for approval by the Contracting Officer or designee 30 days prior to the start of the fiscal year. This plan will include award programs to recognize service anniversaries and retirements, programs to improve work environments, and costs of a wellness program (limited to activities related to stress management, smoking cessation, exercise, nutrition, and weight loss).
2. The Contractor is authorized to maintain established programs such as employee counseling and in-house employee publications.

#### F. Employee Education Training Assistance Program (EETAP)

1. Nonbargaining employees who are scheduled for at least 30 hours per week and who are active or on medical/family leave on the course start date and through the completion of the course, are eligible.
2. Courses must be related to the employee's current position or to a probable future assignment in the Contractor's organization. In addition, these courses must be offered by an accredited institution of higher learning and approved before the employee enrolls in the course.
3. The Contractor will pay or reimburse for eligible costs, less financial assistance from other sources (grants, assistantships, fellowships, scholarships, VA assistance, etc.) when the employee achieves a grade of C or better, or "Pass" in a pass-fail course. The contractor will provide a maximum of \$5,000 per employee each fiscal year, unless written approval of the NNSA Contracting Officer or designee is obtained in advance. The employee must furnish

records of course completion and eligible costs incurred, including the amount of any rebate on tuition or fees received from the institution, which will be deducted from the reimbursement or re-paid to the Contractor by the employee.

4. Eligible costs include tuition, required textbooks, applicable state and local taxes and required direct charges billed by the institution for instruction, such as laboratory fees, initial registration fees, and health fees.

Ineligible costs include late charges, equipment, tools, general supplies, supplemental non-required textbooks, medical insurance, tuition for courses that are audited, and parking fees.

5. Employees must reimburse the Contractor if they do not successfully complete the course with a grade of C or better (or "Pass" in a pass-fail course).

#### G. Unpaid Leaves

The Contractor will comply with any legal requirement to offer such leaves as well as internal policies and procedures related to eligibility, length of leave, benefit eligibility, and premium payments. Employees will pay the active employee rate for benefit plans while on an approved unpaid leave; employees on Military Leave receive limited benefits.

## V. RETIREMENT PLANS

### A. Pension Plan (Defined Benefit Plan)

#### 1. General

- a. Costs are allowable in connection with the Contractor's Retirement Plan, as filed with and approved by the NNSA Contracting Officer or designee. Details of this plan are included in the Plan Document and Summary Plan Description on file with the NNSA Contracting Officer or designee. The Plans are as follows:
- b. All non-statutory amendments to the Retirement Plan will require Contracting Officer or designee approval prior to any costs being charged against the Contract. If approval by the Internal Revenue Service is required, NNSA Contracting Officer or designee may approve the amendments with the proviso that IRS approval must be obtained.

#### 2. Reporting Requirements

The Contractor will submit copies of each actuarial valuation, accounting report, and IRS Form 5500 and related schedules annually.

#### 3. Funding

- a. Annual contributions to the fund of the defined benefit pension plan shall be limited by the greater of:
  - (1) The minimum contribution required by Section 302 of the Employee Retirement Income Security Act (ERISA) and
  - (2) The amount estimated to eliminate the unfunded current liability as projected to the end of the plan year. The term "unfunded current liability" shall refer to the unfunded current liability as defined in Section 302(d)(8) of ERISA. Contributions above the minimum shall require approval by the Contracting Officer and shall be supported with adequate justification.
- b. If this policy causes a temporary, technical inconsistency with the CAS, the Contractor shall immediately notify the cognizant NNSA Contracting Officer and Chief Financial Officer. The Contractor shall have recourse to the cost principles found at DEAR 970.3102-2(1),(2), and (3) and shall avoid penalties on that basis.

#### 4. Termination of Retirement Plan

- a. The Contractor shall not terminate the retirement plan without the approval of the NNSA Contracting Officer. The NNSA Contracting Officer shall be advised of any partial plan termination due to a reduction of employment as soon as practicable after the qualifying event.
- b. If the NNSA Contracting Officer authorizes a total plan termination, the Contractor shall submit to the NNSA Contracting Officer the amount estimated to satisfy all plan

liabilities (either by annuity purchase or utilizing assumptions and procedures of the Pension Benefit Guaranty Corporation) and a plan termination proposal that may include alternatives such as the purchase of annuities, plan to plan transfers or lump sum payments. The NNSA Contracting Officer, after reviewing the Contractor's proposal, shall provide written instructions to the Contractor identifying the approved methods and means to satisfy plan liabilities or in the alternative requiring the Contractor to continue sponsorship of the plan.

- d. If the NNSA Contracting Officer instructs Contractor to terminate the plan, plan assets and the return on those assets in excess of plan liabilities and termination costs shall revert to the NNSA. In the event that plan assets are insufficient to meet termination liabilities and costs, NNSA shall authorize the Contractor to draw down under its Contract letter of credit the amount necessary to cover such liabilities and reasonable costs associated with plan termination actions.

5. Termination of the DOE/NNSA Contract - No Replacement Contractor

In the event the Contract is terminated without a replacement Contractor, the Contractor shall be responsible for termination of the Plan in accordance with paragraph 4 above.

6. Termination of the DOE Contract with a Replacement Contractor

- a. If operations at the Site continue but the Contract passes to a replacement Contractor, the pension plan and its liabilities and assets shall pass to the replacement Contractor including liabilities and assets for inactive participants (retirees and terminated vested employees).
- b. Assets shall include all accumulations of the NNSA reimbursed contributions determined in the actuarial valuation report through the date of Contract plan assumption. The value of such assets shall be their market value and shall include due and unpaid contributions.
- c. When there is a replacement Contractor, the Contractor shall assist in the arrangements for the replacement Contractor to assume sponsorship of the Contractor Pension Plan. For the employees transferred to the replacement Contractor, the Contractor shall assist the NNSA Contracting Officer in transferring accrued Contract pension service to the replacement Contractor. Granting of prior Contractor service credit by the replacement Contractor shall not result in duplicate benefits for the same service time.
- d. Effective the date of this contract, July 1, 2006, between NNSA and NSTec, LLC any cost associated with new entrants into the former BN defined benefit plan will be unallowable. Participation in the former BN defined benefit plan shall be closed to new entrants.
- e. NSTec shall provide a retirement plan consistent with DOE Notice 351.1 for new employees as defined by DOE Notice 351.1, and allow former Bechtel Nevada (BN) the opportunity to participate in the new plan or remain in the defined benefit plan they are currently under.

B. Thrift Plan (Defined Contribution Plan)

1. General

- a. Costs are allowable in connection with the Contractor's Thrift Plan, as filed with and approved by the NNSA Contracting Officer or designee. Details of this plan are included in the Plan Document and Summary Plan Description on file with the NNSA Contracting Officer or designee.
- b. All amendments to the Thrift Plan will require NNSA Contracting Officer or designee approval prior to any costs being charged against the Contract. If approval by the Internal Revenue Service is required, NNSA Contracting Officer or designee must be notified of the changes.

2. Reporting Requirements

The Contractor will submit copies of the IRS Form 5500 and related schedules to the DOE annually as well as financial or accounting reports required by the DOE in connection with this plan.

3. Contract Termination

In the event the Contract with the Contractor is terminated, funds not committed pursuant to the provisions of the Thrift Plan shall be returned to the NNSA

## VI. MISCELLANEOUS

### A. Safety Programs

1. The cost of providing safety programs as required by the Department of Energy/NNSA or approved by the NNSA Contracting Officer or designee shall be allowed in connection with work performed under the Contract.
2. Personal protective equipment will be provided by the Contractor at no cost to those employees exposed to possible health and safety hazards arising from operational requirements.

### B. Food Services, Housing, and Camp Facilities

The net cost to the Contractor of operating cafeterias, dining rooms, canteens, and providing food housing, laundry services, custodial and janitorial services, and camp facilities in connection with the performance of work under this Contract, and such other services that are required or approved by the NNSA Contracting Officer or designee shall be allowable cost to the Contract.

### C. Substance Abuse Program

The Contractor shall submit to the NNSA Contracting Officer or designee for approval a substance abuse program consistent with the minimum requirements of 10 CFR Part 707, Workplace Substance Abuse Programs at DOE Sites.

### D. Employee Assistance Programs

The Contractor shall submit to the NNSA Contracting Officer or designee for approval the program plans and budget for the following Employee Assistance Services: crises intervention, consultation, counseling and referral to address a range of medical, mental, emotional and personal problems of employees, particularly those that affect job performance.

### E. Health Club Memberships

The Contractor is authorized to contract with a health club to provide employees of NSTec, NSO, or other NSO contractors (including locations outside Nevada) the opportunity for low cost memberships. The cost of the "corporate" membership is allowable.

## VII. TRAVEL

Travel costs shall be allowable to the extent that they are incurred in accordance with DEAR 970.3102-05-46 and FAR 31.205-46. Travel-related costs shall be reasonable and allowable to the extent they comply with the rules for per diem rates set forth in the Federal Travel Regulations in effect at the time of travel.

## VIII. RELOCATION

Relocation expenses for en route travel, transportation of household goods, househunting trips, temporary living, residence-related payments (home sale, home purchase, mortgage interest differential payments, rental differential payments, and costs of canceling an unexpired lease), and tax assistance shall be incurred in accordance with the provisions, limitations, and exclusions of FAR 31.205-35, except as noted below. Current FTR rates and methods of calculation will be used for those expenses left undefined in the FAR

- A. Relocation expenses are authorized when the new work location is more than 75 miles from the current work location, except changes in work location between the Las Vegas area and the Nevada Test Site.
- B. Shipment of Autos, House Trailers and Mobile Homes
  - 1. Costs for shipment by freight forwarder of one auto for new hires, college hires, or transferring employees will be reimbursed with the following limitations:
    - a. The shipment is advantageous and cost effective to the government and the General Manager or designee approves shipment.
    - b. Vehicles must be in operating condition. Shipment of antique autos is not authorized regardless of operating condition.
    - c. Assignment location must be more than 500 miles from point of origin.
    - d. No reimbursement will be made for storage charges at point of origin or destination.
    - e. Transportation is limited to vehicles having a gross size for shipping purposes of not more than 20 measurement tons (800 cubic feet).

All necessary and customary expenses directly related to the transportation of a privately owned vehicle may be allowed, including crating and packing expenses, shipping charges, and port charges for readying the vehicle for shipment at port of embarkation and for use at port of debarkation.

When it is in the best interests of the government, transferring employees who travel by plane to their new location may ship two vehicles with the approval of the General Manager or designee.

- 2. Costs for the shipment of a single-unit house trailer or mobile home, moved by the employee or commercial carrier and used as the principal residence, will be reimbursed. The

employee is responsible for the cost of insurance for valuation of the mobile home above the carriers' maximum liability, or charges designated in the tariffs as "Special Service."

C. Allowance for Miscellaneous Expenses

Employees buying, selling, or leasing a permanent residence at the new location will receive a lump sum of \$1,000 for other necessary and reasonable expenses normally incident to relocation. Up to a total of \$5,000 (including the \$1,000 lump sum) can be reimbursed upon presentation of receipts for eligible expenses (such as disconnecting and connecting household appliances; automobile registration; driver's license taxes; cutting and fitting rugs, draperies, and curtains; forfeited utility fees and deposits; and purchase of insurance against damage to or loss of personal property while in transit) for the full amount of reimbursement.

D. Labor costs incurred during the relocation of transferring employees during any work day travel period, based on an average of 300 miles per day, are allowable.

IX. TEMPORARY ASSIGNMENTS

Employees on an assignment at least 75 miles away from their normal work location that lasts longer than six months and less than 12 months are eligible for a Temporary Change of Station in accordance with the FTR.

## X. RECRUITMENT

### A. Recruiting Costs

The reasonable and necessary costs incurred for the recruitment of personnel will be allowed. Costs include, but are not necessarily limited to, advertising in newspapers and technical journals, preparation of recruiting materials, and travel for recruiting personnel and technical representative.

### B. State and Nonprofit (No-fee) Minority Agencies

The Contractor will, to the maximum extent feasible, utilize the services of the local State and nonprofit (no-fee) Minority Agencies in the recruiting of personnel and will provide those agencies with current listings of job openings for which outside recruiting is being conducted.

### C. Other Recruiting Methods

The Contractor can utilize employment agencies or employment consultants in the recruiting of personnel and can travel to educational institutions, attend job fairs, or sponsor "Open Houses" in special recruitment areas and invite prospective employees whose skills are in short supply to the point of hire and/or permanent duty station for a pre-employment interview.

### D. Physical Examinations

The reasonable costs of employment physical examinations for new hires, rehires, and employees returning to work after an absence of more than five days due to illness or injury, including substance abuse testing, are allowable.

### E. Pre-employment Verification Standards

The reasonable costs of pre-employment personnel investigations are allowable. All costs associated with the processing of a security clearance where the contract requires the employee to have such clearance, are allowable.

### F. Special Employment Programs

#### **1. Cooperative Education Student Employment (co-op) Program**

- a. Administration of a co-op program to recruit potential long-term technical, professional, or administrative employees will be in accordance with a plan on file with and approved by the Contracting Officer of designee.
- b. Co-op and summer student employees whose Contractor work locations are more than 100 miles from their schools are reimbursed for public transportation or automobile mileage for the most direct route. Reimbursement will not exceed the equivalent of least cost economy airfare. En route expenses and up to five days' settling-in expenses, up to the maximum per diem rate are authorized upon arrival at the work location.

## 2. Post Doctoral (Postdoc) Program

- a. Positions. Postdoc positions are limited-term regular, full-time positions. Hiring managers complete a Job Requisition that includes the salary grade and job responsibilities. These positions are not included in the posting process.
- b. Duration. Participants can be employed for up to two (2) years, with the possibility of one (1) additional year, based on the organization's needs. The employment relationship remains "at-will," and can be terminated at any time by either party.
- c. Eligibility. In order to be considered for a Postdoc appointment, the candidate must be nominated and sponsored by an NSTec scientist, engineer, or manager in salary grade H or above. Candidates may be considered for a Postdoc position within three (3) years of receiving the PhD.
- d. Benefits. Participants will be eligible for full-time benefits with the exception of the Employee Education Training Assistance Program (EETAP), relocation, and severance pay when the employment relationship ends. Relocation benefits may be provided on a limited basis.
- e. In October, NSTec will provide the Contracting Officer with a summary of the Postdoc Program for the prior fiscal year.