

**Attachment 1 – HSHQDC-07-C-00020**

**NBACC FFRDC**

**SPONSORING AGREEMENT**

**FOR A**

**National Biodefense Analysis and  
Countermeasures Center  
Operating Contract, a  
Federally Funded Research and  
Development Center**

**For**

**The Department of Homeland  
Security**

## **SPONSORING AGREEMENT**

**Between  
THE OFFICE OF THE SECRETARY OF HOMELAND SECURITY  
and the  
NBACC CONTRACTOR  
To Operate the  
DEPARTMENT OF HOMELAND SECURITY  
National Biodefense Analysis and Countermeasures Center**

### **PURPOSE OF THE SPONSORING AGREEMENT**

This Sponsoring Agreement ("Agreement") sets forth the policy and requirements for the conduct of the NBACC Contractor ("Contractor") who will be planning, managing, and integrating the biodefense programs across the Department of Homeland Security ("DHS") and between Federal agencies at the National Biodefense Analysis and Countermeasures Center ("NBACC"). Also required will be research, studies, and analyses by the Contractor in support of DHS, the Science and Technology Directorate of DHS ("DHS/S&T"), and the DHS/S&T Office of Research and Development ("DHS/S&T/ORD") and other DHS Operating Elements. DHS/S&T is the Primary Sponsor of this Sponsoring Agreement.

This Agreement is in compliance with Federal Acquisition Regulation ("FAR") 35.017. Additionally, the Management Plan of even date will be incorporated by this reference into and made a part of this Sponsoring Agreement.

This Agreement and the Management Plan will be incorporated, by reference, into and made a part of the NBACC Contract ("Contract") at Section J for the total operation of the NBACC facility. Should a conflict exist between this Sponsoring Agreement and the Contract, the Contract will govern.

Portions of this Agreement are based on Federal government and DHS policies. This Agreement may be supplemented with operating instructions in accordance with the Management Plan. Future changes in these policies may necessitate changes to this Agreement. This Agreement may be amended, and its provisions may be modified or waived, by mutual written agreement of the parties. Capitalized terms (abbreviations) used within this Agreement are defined herein or in the Contract.

### **2. BACKGROUND ON NBACC CONTRACTOR**

Battelle Memorial Institute (Battelle) created a new, wholly owned subsidiary, Battelle National Biodefense Institute, LLC, with its own Board of Directors, for the purpose of managing and operating the National Biodefense Analysis and Countermeasures Center (NBACC) for the Department of Homeland Security (DHS) through the prime contract HSHQDC-07-C-00020. The goal was to ensure the independence necessary for the operation of a Federally Funded Research and Development Center (FFRDC) and provide insulation from all other Battelle interests and activities, while with DHS concurrence, retaining the ability to draw on Battelle's extensive corporate resources to ensure that any issue can be rapidly addressed.

### **3. PURPOSE AND MISSION OF THE FFRDC**

The primary mission of the NBACC will be to assist the DHS in addressing important homeland security issues, particularly those requiring scientific, technical, and analytical expertise. The Contractor will be planning, managing and integrating biodefense programs across the DHS and between Federal agencies at the NBACC.

The work will require an in-depth knowledge of homeland security mission objectives, operational concepts and requirements, strategies, resources, systems, and technologies and a comprehensive understanding of sponsor problems and perspectives while ensuring the Contractor's workload performance is consistent with this Agreement, the Contract Statement of Work ("SOW"), the Annual Research Plan and the Management Plan. To provide the critical performance required by the Contract the Contractor shall assemble and maintain a high-quality, interdisciplinary research staff dedicated solely to providing its sponsors with workload performance, analyses and advice based on both long-standing experience (i.e., corporate memory) and state-of-the-art expertise in issues related to homeland security to include, but not be limited to, risk and threat assessments, forensic analysis, program and facility management under safe and secure conditions.

The work performed by the Contractor will: (a) be authoritative, objective, and free from conflicts of interest caused by involvement with and benefit from commercial or other interests; (b) ensure confidentiality and protect sensitive homeland security, intelligence, and government planning information; (c) ensure confidentiality and protect proprietary commercial information; and (d) constitute high-quality research and advice.

The work will be responsive to sponsor needs as the Contractor addresses issues of both long-term and immediate homeland security concern. The Contractor's research program will be composed of projects of varying length, from quick-response analyses to intermediate length studies to multi-year efforts, in areas of established expertise. As implied above, the work will often require privileged access to information, including sensitive Government information and industry proprietary data not normally available to non-Government organizations.

#### **4. SCOPE OF WORK**

(I). **Basic Mission and Scope:** The Contractor shall engage in the strategic and institutional planning necessary to assure that the NBACC is focused on anticipating the national technical and scientific needs of the U.S. Government and DHS including but not limited to the following:

a. Characterize the threat posed by biological weapons, anticipate future threats, and conduct biannual, comprehensive biological threat risk assessments to guide prioritization of the nation's biodefense investments. Further, these tasks must enable the ability to anticipate, prevent, respond to, and recover from an attack through the establishment of an integrated science-based program and infrastructure.

b. Conduct and facilitate the technical forensic analysis of evidentiary samples from investigations of biocrime and terror.

c. Manage, operate, sustain, and enhance the NBACC laboratory, once constructed.

d. Manage the above national programs in the interim phase prior to the construction of the facility.

e. In both interim and final phases, fully integrate the NBACC mission and planning within DHS and DHS/S&T in support of the National Integrated Biodefense Campus ("NIBC").

(II). **Biological Threat Characterization.** The Contractor must adopt, advance and evolve the existing National Biological Threat Characterization Program, its requirements and execution strategy. The Contractor must leverage the existing program plan and partners and will leverage dedicated program personnel to guarantee optimal program execution continuity and minimize program development redundancy. Further, the Contractor must develop a seamless program execution transition strategy to ensure the optimal and efficient execution of the program in the planned government owned facility, NBACC, by the Contractor. The National Biological Threat Characterization Program is responsible for biological threat awareness and characterization for the nation. In this context the Contractor shall:

a. Conduct bi-annual risk assessments on existing and emerging biothreats in accordance with DHS, Science and Technology Directorate requirements and as directed by

HSPD-10. The product must inform risk managers to prioritize bio-defense strategies and investments to increase national security.

b. Coordinate and integrate the risk assessment program execution and findings with other relevant risk assessment programs across the DHS and other government agencies as appropriate.

c. Identify, develop, evaluate and select a risk assessment methodology to conduct biological threat risk assessments that balances the critical input variables; threat, vulnerability and consequence. The approach must be standardized and validated.

d. Develop a risk assessment methodology and supporting tools that are flexible and responsive to changes in a given variable. New input data must be easily incorporated, thus rapidly producing an updated risk assessment.

e. Develop a product delivery, communication and customer support plan and execution strategy for bi-annual and rapid risk assessments. The plan must include product stakeholders and partners real and implied by policy.

f. Develop and implement a systematic process for input from stakeholders, partners and subject matter experts on biothreat risk assessment critical information.

g. Develop and implement oversight, advisory and peer review processes for the risk assessment program and products.

h. Develop and implement an after action review for each risk assessment product that informs and improves the process and the future products.

i. Identify and prioritize biological threat, vulnerability and consequence knowledge gaps relevant to risk assessments.

j. Develop and implement a process for closing prioritized risk-related knowledge gaps.

k. Develop and implement a process for identifying, prioritizing and conducting pivotal laboratory analyses that inform, validate or exclude biological threats to the nation.

l. Apply a systematic, threat-based approach to prioritization of laboratory projects with emphasis on high consequence related biothreats from plausible adversarial uses.

m. Develop and implement a process for closing prioritized threat/vulnerability and consequence-related knowledge gaps.

n. Develop a product delivery and communication plan for products of laboratory projects. The plan must include product stakeholders and partners real and implied by policy.

o. Develop and implement an after action review annually for laboratory-derived information products that improve the process of identification of threat-related gap identification and pivotal project prioritization.

p. Identify strengths and weaknesses of the use of animal models for characterization of threat-related consequences. Partner with relevant Government agencies to mutually leverage information.

q. Provide subject matter expert capability to support incident operations.

r. Establish program specific classification guidelines in accordance with DHS guidelines as appropriate.

s. Ensure that the conduct of all program activities and all operations, including procedures, facilities and personnel, are in accordance with appropriate security guidelines.

t. Ensure that the conduct of all program activities and all operations, including procedures, facilities and personnel, are in accordance with current and appropriate rules, regulations, guidelines and policies as they pertain to laboratory operations for biosafety, human use, animal use and other relevant requirements. See Section J for a listing of applicable directives.

(III). Bioforensic Analysis. The Contractor shall develop program plans in conjunction with ORD for bioforensics casework as set forth in this part:

a. Develop, evaluate and validate analytical tools and procedures to support bioforensic casework.

b. Conduct bioforensic research and casework.

c. Establish, evaluate and validate methods to identify threat agents.

d. Establish bioforensic reference collections for comparative identification.

e. Establish an internationally recognized accreditation program for bioforensic case work.

f. Manage the facility in such a way as to maintain the integrity of law enforcement sensitive work, maintain evidentiary standards, and operate in a manner acceptable to the lead law enforcement agency.

g. Maintain and enhance facilities to perform bioforensics work. The Contractor shall coordinate with appropriate government agencies.

(IV). NBACC Facility Management. The Contractor shall:

a. Conduct a strategic and institutional planning process and develop plans that support Office of Research and Development mission objectives.

b. Develop and implement an operating structure to manage the interim, transitional, and final NBACC facility research, development and operational programs.

c. Conduct communications, information, and public affairs programming including internal and external communications, community involvement, and outreach interactions with the media, industry, and the scientific and technical community. Maintain a liaison with local, state, and federal agencies and Congress.

d. Conduct an audit program which includes internal, subcontractor and external audits, reviews, and appraisals. Conduct an ongoing self-assessment that focuses on performance of the laboratory programming and mission accomplishment.

e. Maintain a legal affairs function to support contract activities, including those related to patents, licenses, and other intellectual property rights, subcontracts, technology transfer, environmental compliance and protection, and labor relations.

f. Maintain training and education services, including general training activities involving individual employee development, educational and professional advancement, required technical and facilities specific training, Environmental Safety and Health training, safety and security training, and other training as may be required.

(V). Business Operations. The Contractor shall manage and administer a system of internal controls for all business and administrative operations. Management of the facility, business and administrative operations shall include integrating common systems of internal controls across the NBACC and implementing business processes that are risk-based, cross-functional and cost effective to optimize and streamline operations.

a. Perform overall integrated planning, acquisition, maintenance, operation, management and disposition of Government furnished property, facilities and infrastructure.

b. Maintain a human resources management system to attract and retain a world-class workforce with skill levels to perform mission research objectives. The human resources management system must encourage and reward professional development. The Contractor shall conduct comprehensive pre-employment screening, as part of its human resources management program.

c. Maintain training and education services, including general training activities, activities of individual employee development, educational and professional advancement, required technical training, environmental, safety, and health training, and biosurety training.

d. Maintain a financial management system that provides sound financial stewardship and public accountability. The contractor's financial management system must collect, record, and report all financial activities, including budget formulation and execution, and tracking resource requirements. The system should also include a disbursements system for employee payroll and supplier payments and contain an effective internal control system for all expenditures.

e. Develop and implement an approved management system for integrated planning, acquisition, maintenance, operation, control, accountability, utilization, and disposal of Government furnished property, supplies, and equipment.

f. Develop and implement a system for managing Government real property under the control of the contractor.

g. Maintain inter-site and intra-site, classified and unclassified, information management systems for technical, business, and operations functions. The contractor's information management capabilities shall include general purpose programming, data collection, software maintenance, and telephone communications. The contractor's information management system will provide for computer resource capacity and capability sufficient to support laboratory-wide information management requirements.

h. Provide other administrative services, to include coordination with other NIBC assets at Fort Detrick and personnel biosurety.

(VI). Center Operations. The Contractor shall manage, operate, protect, maintain and enhance the NBACC's facility to function as a DHS multi-program laboratory, provide the infrastructure and support activities, support the accomplishment of the NBACC missions, and assure the accountability to the DHS under the results-oriented, performance-based provisions of this Contract. The Contractor shall develop a comprehensive biosurety program. As part of the biosurety program, the Contractor shall:

a. Develop and conduct a biosecurity program that promotes a security conscious culture. The program shall contain clear roles, responsibilities, authorities, and accountability while integrating excellence in safeguards and security into all laboratory activities. The Contractor's safeguards and security program shall include all agent accountability aspects of a biosurety program. The Contractor's safeguards and security program shall also include physical security, protection of Government property, classification, declassification, and protection of information, cybersecurity, agent protection, control and accountability, and personal security. The Contractor's safeguards and security program shall include access control for laboratory staff and visitors.

b. Develop and conduct an environmental safety and health program, including environmental protection and compliance, and safety and health management that promotes a safety conscious culture. The Contractor's environmental safety and health program shall have clear roles, responsibilities, authority and accountability to protect workers, the public, and the environment. The Contractor's environmental health and safety program shall include an environmental management system (waste minimization and pollution prevention).

c. Develop and maintain a safety management program that covers all work performed under the Contract. The safety program shall include training, risk management, environmental surveillance, and occupational health screening. The safety management program shall address biosurety requirements, including systems engineering and configuration management of structures, systems, and components important to safety, quality assurance and start-up of the NBACC facility.

d. Develop and maintain an emergency operations program to include emergency preparedness planning and procedures and occurrence notification. The Contractor's emergency operations program shall be fully integrated within the NIBC at Fort Detrick.

e. Develop and maintain continuity of operations program ("COOP") in accordance with DHS/S&T/ORD requirements.

f. Conduct compliant waste management activities in accordance with applicable federal, state, and local regulatory requirements. The Contractor shall manage newly generated waste to support laboratory missions, including proper treatment, storage, and disposal.

## POLICY

a. The NBACC Contractor will maintain the capabilities (high-quality research staff, other management and technical capabilities, analytic tools, models and simulations, computing resources, knowledge of sponsor needs, etc.) necessary to address any issue consistent with the NBACC's purpose, mission, and scope of work.

b. All DHS components are potential sponsors of Contractor tasks.

c. The Contractor's management of the NBACC program for the sponsors will be organized as a set of discrete workloads directly related to its core work areas. Workload will be

undertaken by mutual consent between the Contractor and the sponsors in accordance with procedures for review by the Primary Sponsor and the NBACC Advisory Group, as appropriate. All workload must be approved by the NBACC program management office. (Prior to execution, tasks require signature coordination of the Contractor Program Manager.) Funding for specific workloads may come from various program elements available to Government Sponsoring offices.

d. Proposals for work to be undertaken by the Contractor may originate with any Government Sponsoring office or with the Contractor itself. New workload may be initiated at any time during a fiscal year, and may extend over several fiscal years. The Contractor, in conjunction with its Primary Sponsor, will prepare an Annual Research Plan representing collectively the workload and research agenda of the sponsoring community. Changes to the plan, consistent with the Contractor's core statement may be made throughout the year. All changes to the plan must be approved by the Government Program Manager and the Executive Agent (the Deputy Director DHS/ S&T/ORD).

e. The sponsoring community as represented by the NBACC Advisory Group will: (1) maintain and strengthen the "special relationship" between the NBACC Contractor and its sponsors; (2) serve as a link between the sponsors and the Contractor management, providing feedback on DHS needs, interests, and priorities; and (3) assist and advise the Primary Sponsor in ensuring that the Contractor produces work consistent with this Agreement, the Contract SOW, the Annual Research Plan and the Management Plan.

f. The Primary Sponsor will assure a reasonable continuity in the level of support to the Contractor, consistent with DHS needs and the terms of this Agreement, and contingent on available funding (as required by the FAR Part 35).

g. The Contractor may accept work from Non-Sponsoring Agencies (i.e., organizations that are not DHS components), including non-DHS Government entities, state and municipal governments, and not-for-profit organizations, provided that the work is: (1) determined to be consistent with the Contract; (2) approved by the Executive Agent (using the criteria set forth in the Management Plan for determining the feasibility of and appropriateness of non-FFRDC work) and coordinated with the Contracting Officer's Representative ("COR"); and (3) does not interfere with the priority of the work being performed for the sponsors (e.g., the Contractor has adequate resources to perform work for non-sponsoring agencies and still meet the timeframes for its deliverables to the sponsors).

h. The Sponsors and Non-Sponsoring Agencies will provide access to classified and sensitive data, facilities, plans and related information, including proprietary data, as necessary to ensure that the Contractor's work takes full account of the best available information, including that which is not normally available to non-government organizations.

i. The Contractor may augment its in-house research staff with other technical and analytic resources in reasonable numbers to advance the DHS mission for work on sponsor problems the scope of which requires temporary access to specialized expertise that is not available within the organization. These resources (in reasonable amounts) if not included in the research plan will be coordinated with the Executive Agent and/or the Program Manager in advance of the augmentation. The NBACC is not to be used as a training test bed.

j. The Contractor's independent research program will be used primarily to assist in building and maintaining research capabilities in support of the Contractor's mission, purpose, and scope of work, consistent with DHS-wide guidelines for independent research and development activities.

## 6. RESPONSIBILITIES AND OVERSIGHT

a. In accordance with the initial establishment of the NBACC, the Ultimate Sponsor of the NBACC Contractor is the Department of Homeland Security. The Science and Technology Directorate acts as the Primary Sponsor of the NBACC Contractor. The Primary Sponsor:

- (1) Ensures that the NBACC is used for its intended purposes.
- (2) Ensures that individual Sponsors make appropriate use of the NBACC Contractor's work.
- (3) Ensures that the Contractor produces high-quality work of value to Sponsors.
- (4) Ensures that the costs of services provided by the Contractor are reasonable.
- (5) Determines whether to continue or terminate the sponsorship of the Contractor upon completion of each program year comprehensive review.
- (6) Designates an Executive Agent to provide DHS oversight of the Contractor, consistent with the terms of this Agreement, the Contract, and any additional policies and procedures established for the Contractor.

b. The Executive Agent:

- (1) Designates membership and chairs the Contractor Advisory Group. Designates replacements for Advisory Group members.
- (2) Provides for day-to-day oversight through the Contractor Program Management Office which includes the Contractor Program Manager and the COR.
- (3) Reviews and approves DHS-sponsored research plans.
- (4) Reviews and approves non-DHS sponsored research workload.
- (5) Conducts and presents to the Contractor Advisory Group the Annual Assessment required by the Management Plan.
- (6) Reports to the Contracting Officer (CO) any organizational conflicts of interest associated with Contractor performance under the Contract as soon as conflicts are identified (or appear to be identified). The Executive Agent shall provide a recommended disposition of the conflict and solicit advice as needed from the Contracting Officer.
- (7) Designates the Program Manager and replacements for such individual.

c. The Program Manager:

- (1) Administers the Contractor relationship with the Government as approved by the Primary Sponsor.
- (2) Ensures compliance with DHS and FFRDC policies.
- (3) Coordinates and works with the staff points of contact for the Contractor Advisory Group members to implement Advisory Group decisions, and assist the Executive Agent in administering the Contractor strategic relationship as required.

- (4) Establishes procedures for processing workload and contract changes.
- (5) Reviews and approves DHS-sponsored tasks.
- (6) Provides procurement liaison to the Contracting Officer.
- (7) Acts as the DHS focal point for the contact with the Contractor. Once workload is approved, Sponsors deal directly with the Contractor on specific technical matters related to NBACC research.

(8) Assists sponsoring offices in providing information on Contractor research to other DHS offices and Government agencies.

(9) Ensures Contractor receives access to Government information needed to conduct approved workload and research projects. Ordinarily, sponsors release classified, privileged, no-contractor, and other sensitive material directly to the Contractor's Program Manager.

d. The Contractor Advisory Group:

(1) Ensures the proposed research program addresses senior management concerns and priorities.

(2) Identifies cross-cutting or other issues important to senior management for joint sponsorship and funding.

(3) Confirms that the research program is appropriate for an FFRDC and consistent with the Contractor's Core Statement.

(4) Identifies ways to strengthen the strategic relationship between DHS sponsors and the Contractor.

(5) Reviews the results of annual performance reviews and takes appropriate action to resolve problems.

(6) Provides feedback to NBACC Contractor management on DHS' needs, interests, and priorities for the upcoming year and over the longer term.

e. Sponsors:

(1) Identify research and technical topics to be undertaken by the Contractor, and formulate these topics into contract changes or modifications, consulting as appropriate with the Executive Agent (or designee) and the Contractor.

(2) Identify project funding and provide documentation necessary to initiate the workload consistent with established procedures. These procedures require signature approval from the NBACC Program Manager. Before a task can be placed on contract, a written justification showing that the work is appropriate for the NBACC (i.e., satisfies the criteria included in the core statement) must be prepared. This justification can be incorporated in the project's file.

(3) Monitor the execution of research projects, including the quality and timeliness of the work, and its value to DHS.

(4) Review and approve the classification and distribution of Contractor publications.

(5) Participate as appropriate in meetings of the Contractor Advisory Group and related activities.

(6) Provide Contractor full access to the information necessary to carry out the research tasks.

f. Contractor and Contractor Management:

(1) Manages the operations of the Contractor consistent with the provisions of the Contract, this Agreement, and the Contractor's corporate charter.

(2) Develops and maintains research capabilities necessary to address any issue consistent with the NBACC's purpose, mission, and scope of work; with sponsor needs; and with the availability of funds. This shall include the function of recruiting, training, retaining, and assigning professional staff.

(3) Develops, on occasion, proposals for research topics, particularly research on cross-cutting issues of interest to several Sponsors. In conjunction with sponsors and the executive agent, prepares and presents an annual research plan to the NBACC Contractor Advisory Group.

(4) Executes the research program, maintaining quality control over the research products.

(5) Prepares other materials requested by the Contractor Advisory Group, and works with the sponsoring offices and the Contractor Advisory Group, if necessary, to resolve any problems related to the NBACC Contractor's research program.

(6) Maintains a written, rigorous, corporate-wide, conflict of interest regimen. Report any organizational conflicts of interest and their proposed disposition to the Contracting Officer and to the Executive Agent (or designee) as soon as such conflicts are identified.

#### **DETERMINING SUITABILITY OF WORK FOR THE NBACC CONTRACTOR**

The Primary Sponsor and the Executive Agent have joint responsibility for determining that proposed performance or research task is appropriate for the Contractor. Consideration will be given to several criteria related to the nature of the specific project, and the special relationship that the NBACC Contractor maintains with its sponsors. The criteria include:

a. Consistency with the NBACC Contractor's mission, purpose, and capabilities.

b. Consistency with the NBACC Contractor's core competencies, as reflected in the core statement required by the Management Plan and summarized in the Scope of Work statement above. Changes in the details of the core statement can be made by agreement between the Contractor and the Executive Agent. Any such change shall be formalized in writing and included in the Management Plan and this Sponsoring Agreement at the next annual review and update period.

c. Consistency with the Contractor's special relationship with its sponsors, as evidenced by the need for one or more of the following:

(1) Effective performance of objective, high-quality work on subjects integral to the mission and operations of sponsoring offices.

(2) Freedom from real and perceived conflicts of interest caused by commercial or other involvement.

(3) Broad access to information, including sensitive Government information, proprietary data from industry, and other information not normally available outside the Government.

(4) Comprehensive knowledge of sponsor needs, problems, and issues.

(5) Responsiveness to emerging and evolving needs of sponsors.

(6) Long-term continuity of knowledge on issues and problems of enduring concern, including both maintaining corporate memory for sponsors when appropriate and responding to quick-response sponsor needs in areas of established expertise.

## **8. ANNUAL ASSESSMENT PROCEDURES**

a. The COR will conduct an Annual Assessment (which will be approved and distributed by the Executive Agent) as specified in the Management Plan.

b. During the Annual Assessment, a survey of project sponsors will be conducted. The survey will gather data on sponsors' perceptions of the various aspects of the Contractor's work (e.g., technical quality, responsiveness, value, and timeliness).

c. The Executive Agent will report the results of the Annual Assessment to the Contractor Advisory Group and to the Contractor. The Contractor Advisory Group will review the assessment with NBACC Contractor, provide feedback, and assist in resolving any real or perceived problems.

d. In addition, the Contractor will describe for the Contractor Advisory Group steps taken to ensure cost-effective operations.

## **9. OTHER CONSIDERATIONS AND GENERAL UNDERSTANDINGS**

a. **Limitations:** The strategic relationship between the Contractor and the sponsors require the Contractor to accept certain restrictions as listed below. The Contractor:

(1) May only perform core work as defined in the core statement and in accordance with the guidelines specified in the Management Plan.

(2) May not compete with any non-FFRDC in response to a Federal request for proposals for other than the operation of an FFRDC.

(3) May accept no work from commercial firms or foreign governments.

(4) Shall not, unless authorized by legislation and the Contract, undertake quantity production or manufacturing.

b. The limitations enumerated above apply to the Contractor. The Contractor may perform non-FFRDC work, if such work meets the criteria specified in the Management Plan and any additional criteria mutually agreed to between the Contractor and the Primary Sponsor.

c. **Retained Earnings and Fees:** The parties acknowledge the Contract Fixed Fee may be appropriate. The fee can provide the capital and financial flexibility required to sustain professional expertise, obtain necessary facilities, equipment, and special test equipment, and maintain operations capable of supporting requirements of sponsors of NBACC core workload under the Contract. The guidelines for NBACC Fees are included in the Management Plan and will serve as the guiding document in determining "need-for-fee" and the amount of the fee.

(1) The Contractor will annually submit a Fixed Fee justification.

(2) In reviewing the Fixed Fee justification, the Contracting Officer will apply the methodology and considerations of the FAR and the Management Plan, as applicable. The Contracting Officer will consult, as appropriate, with DHS and USAMRAA Contract Audit Personnel, the Defense Contracting Audit Agency ("DCAA"), and the Executive Agent.

(3) Fees received by the Contractor for the operation of the NBACC may be commingled with fees earned on other contracts and/or with other income. Similarly, so long as the Contractor operates as a single corporate unit, it may use fees received under contracts covered by this Sponsoring Agreement for the benefit of the corporation (e.g., for working capital or facilities acquisition). Fees received by the Contractor and any other retained earnings shall not be distributed as dividends or other distributions to shareholders or corporate affiliates.

(4) The provisions of this Paragraph "c" shall apply only to fixed fees received by the Contractor and shall have no applicability to performance fees awarded to the Contractor.

d. **Cost Elements Requiring Advance Notice:** The Contractor will provide the Executive Agent and the Contracting Officer at least 30 days of advance notice prior to:

(1) The acquisition of real property either by purchase or long-term lease that is to be used primarily by the Contractor for purposes of fulfilling the Contract covered by this Agreement.

(2) Any material increase in employee benefits chargeable, directly or indirectly, to the Contract covered by this Agreement (except to the extent such increase is mandated by law).

e. **Reports:** In addition to the reports described in this Government Sponsoring Agreement, the NBACC Contractor will provide the reports described in Appendix C of the Management Plan to DHS.

f. **Technology Transfer:** If the Contractor wishes to participate in a technology transfer program with private industry, the Contractor shall adhere to the technology transfer policies established by the DHS/S&T. Such policies will include adequate safeguards to ensure the Contractor remains free of organizational conflicts of interest and that the conditions for establishing and maintaining the NBACC are not compromised. The DHS/S&T shall also review and approve all technology transfer work on a case-by-case basis.

## **10. NON-RENEWAL, TERMINATION, OR DISSOLUTION**

a. This Agreement and Contractor's operation of the NBACC are based on expectations of a long-term and continuing relationship between the parties. DHS will use its best efforts to inform the Contractor as far as possible in advance should it conclude that such a long-term relationship is no longer in the best interests of the Government.

b. In the event the Contract is cancelled or terminated (as that term is defined in FAR Part 17.1 or 49) in whole or in part, termination, disposal of assets, and settlement of liabilities will be in accordance with the Contract and the FAR. Nothing in this Agreement shall be construed as committing the U.S. Government to cancellation or termination costs other than those listed in the Contract.

c. In the event of such termination or of the expiration or non-renewal of this Agreement and Contract for the Contractor, all items that were furnished by the Government or purchased by the Contractor and charged directly to the Contract are the property of the Government and will be managed or disposed of in accordance with the FAR.

d. Except as otherwise provided in the Contract, all other assets (including equipment and purchase or leases of real property) will be the property of the Contractor and all liabilities will be the responsibility of the Contractor.

e. In the event of dissolution of the Contractor, the Members of the Limited Liability Company will designate the successor entity or a charitable organization or organizations or the Federal Government or any or all of them to be recipients to which will be paid over any or all property or assets remaining after the settlement of the Contractor's affairs, in accordance with the Limited Liability Company's Certificate of Formation and/or Operating Agreement.

**11. TERMS OF THE SPONSORING AGREEMENT**

This Sponsoring Agreement will be effective when executed by both parties and shall be made a part of and incorporated by this reference into the Contract. This Agreement will be in force for the duration of the Contract. Subject to a favorable "need determination" resulting from the Comprehensive Review (as described by FAR Section 35.017 and the Management Plan) and, if mutually agreed between the Primary Sponsor and Contractor, this Agreement will continue to be in full force and effect for all program years and subsequent Award Term extensions as earned by the Contractor.

This Agreement obligates no appropriations, and creates no responsibility on the part of the Government to fund work at or provide funds (for other than the cancellation ceiling set forth in the Contract) to the Contractor. Funds are obligated and work undertaken only and strictly in accordance with the terms and conditions of the Contract.

(b) (6)  
[Redacted signature area]

George W. Toth  
Secretary/Treasurer  
Battelle National Biodefense Institute L.L.C.  
NBACC Contractor

May 14, 2007  
(date)

Jay M. Cohen  
Jay M. Cohen  
Under Secretary for Science and Technology  
Department of Homeland Security

6/19/2007  
(date)

## ADDENDUM to SPONSORING AGREEMENT

## NBACC Contractor Policy Governing Non-FFRDC Work

Background: This policy is established in accordance with Section D (Policy) of the NBACC FFRDC Management Plan. The policy governs non-FFRDC work performed by the NBACC Contractor. It further documents the baseline agreement concerning in-place contracts at the inception of the contract establishing the NBACC.

## DHS FFRDC Government Management Plan—Section D.1.b

## NBACC Contractor Policy governing non-FFRDC work

<p>Non-NBACC Work: The NBACC Contractor may perform non-NBACC work subject to DHS/S&amp;T or its designee for compliance with established criteria mutually agreed upon by the DHS/S&amp;T and the Contractor. The criteria shall be addressed in the Sponsoring Agreement. In establishing these criteria, the following guidelines shall be used:</p>	
<p>(1) Non-NBACC work by the NBACC Contractor should be in the national interest, such as addressing economic, social, or governmental issues.</p>	<p>The Operating Agreement for the NBACC Contractor if established for the NBACC should be included here and address: The specific and primary purposes for which the NBACC operating organization is formed. List those areas that pertain to Conflict of Interest issues.</p>
<p>(2) Non-NBACC work shall not undermine the independence, objectivity, or credibility of the NBACC by posing an actual or perceived conflict of interest, nor shall it detract from the performance of NBACC work.</p>	<p>NBACC Contractor shall not engage in any work that poses either an actual or perceived conflict of interest.</p> <ol style="list-style-type: none"> <li>a. NBACC Contractor shall provide to the NBACC Executive Agent on an annual basis a written summary of all non-FFRDC work. This summary will be provided no more than 15 days after negotiation of the NBACC Contractor Research Plan and will explicitly identify any non-FFRDC work directly related to NBACC tasks.</li> <li>b. The NBACC Contractor shall immediately notify the Executive Agent if potential conflicts arise during the course of the year whether due to new NBACC research tasks or to new work for other clients.</li> <li>c. The NBACC Contractor shall not pursue any work for DHS/S&amp;T clients other than (ORD without prior written approval of the NBACC Executive Agent.</li> <li>d. NBACC Contractor shall not pursue any work for other clients that in any way undermine the independence, objectivity, or integrity of the NBACC.</li> </ol>
<p>(3) Non-NBACC work shall not be acquired by taking unfair advantage of the parent institution's corporate relationship with the NBACC Contractor or of information that is available to that parent</p>	<p>The NBACC Contractor shall establish and enforce clear segregation of the information and knowledge gained by virtue of operating the NBACC. Mechanisms will include separation of the physical</p>

institution only through its FFRDC(s).	space occupied by the NBACC Contractor, isolation of the information infrastructure that supports NBACC Contractor research efforts, a training program for all employees, and disciplinary repercussions—together with immediate disclosure to the Executive Agent—in the case of violation.
(4) Non-NBACC work may be done for public sector and not-for-profit entities. Commercial work shall not normally be accepted; however, should the sponsor grant an exception, such work must be non-proprietary and can not exclusively benefit any individual for-profit entity.	NBACC Contractor accepts work for commercial entities only if it is deemed to be consistent with national interests. This work will be described in the written summary provided in accordance with (2) b above. No new work for commercial entities shall be accepted by NBACC Contractor without prior approval by the NBACC Executive Agent.
(5) There are no specified limits on the volume of non-NBACC work. However, the DHS US(S&T) should periodically assess whether the non-NBACC work performed by the NBACC Contractor is impairing its ability to perform its NBACC work.	The written summary of non-FFRDC work provided in accordance with (2) b shall disclose the ratio of FFRDC to non-FFRDC work.
(6) Universities operating DHS-sponsored FFRDCs are not restricted from performing non-FFRDC work. Such work must be obtained, however, in a manner compliant with applicable procurement policies to ensure that work is not acquired through an unfair advantage associated with the FFRDC mission, purpose or special relationship.	Indicate Applicable and comment or Not applicable.