

*Part III, Section J, Appendix C – Special Financial Institution Agreement*

**SPECIAL FINANCIAL INSTITUTION AGREEMENT  
FOR USE WITH THE  
PAYMENTS-CLEARED FINANCING ARRANGEMENT**

Refer to Section I Clause entitled “Payments and Advances, Alternate III.” The executed Special Financial Institution Agreement is attached.

**PART III - SECTION J**

**APPENDIX C**

**SPECIAL FINANCIAL INSTITUTION AGREEMENT  
FOR USE WITH THE  
PAYMENTS-CLEARED FINANCING ARRANGEMENT**

Agreement entered into this, 10th day of August, 2007, between the UNITED STATES OF AMERICA, represented by the U.S. Department of Energy (hereinafter referred to as "DOE"), and Lawrence Livermore National Security, LLC, a limited liability company existing under the laws of the State of Delaware (hereinafter referred to as the Contractor), and U.S. Bank National Association a national banking association, with an office located at One California Street, San Francisco, CA 94111 (hereinafter referred to as the Institution).

**RECITALS**

1. On the effective date of May 8, 2007, DOE and the Contractor entered into Agreement No. DE-AC52-07NA27344 providing for transfer of funds on a payment-cleared basis.
2. DOE requires that amounts transferred to the Contractor thereunder be deposited in a special demand deposit account at a financial institution covered by U.S. Department of the Treasury-approved Government deposit insurance organizations that are identified in I TFM 6-9000 (see Fig. IX-10). These special demand deposits must be kept separate from the Contractor's general or other funds and the parties are agreeable to so depositing said amounts with the Financial Institution.
3. The special financial institution account shall be designated "LLNS, DE-AC52-07NA27344" General Account."
4. The new Subcontract No. B623112 between the Contractor and the Institution shall be separately executed to further define scope, terms and conditions, and payment terms. In the event of any conflict, omission, or other inconsistency between the aforesaid subcontract and this Special Financial Institution Agreement, the Special Financial Institution Agreement shall prevail. The Contracting Officer will be provided a copy in advance of any changes to this subcontract prior to LLNS executing such change.

**COVENANTS**

In consideration of the foregoing, and for other good and valuable considerations, it is agreed that –

1. The Government shall have a title to the credit balance in said account to secure the repayment of all funds transferred to the Contractor, and said title shall be superior to any lien, title or claim of the Institution or others with respect to such accounts.

2. The Institution shall be bound by the provisions of said Agreement(s) between DOE and the Contractor relating to the transfer of funds into and withdrawal of funds from the above special demand deposit account, which are hereby incorporated into this Agreement by reference, but the Institution shall not be responsible for the application of funds withdrawn from said account. After receipt by the Institution directions from DOE, the Institution shall act thereon and shall be under no liability to any party hereto for any action taken in accordance with the said written directions. Any written directions received by the Institution from the Government upon DOE stationery and purporting to be signed by, or signed at the written direction of, the Government may insofar as the rights, duties, and liabilities of the Institution are concerned, be considered as having been properly issued and filed with the Institution by DOE.
3. DOE, or its authorized representatives, shall have access to the financial records maintained by the Institution with respect to such special demand deposit account at all reasonable times and for all reasonable purposes, including, but without limitation to, the inspection or copying of such financial records and any or all memoranda, checks, payment requests, correspondence, or documents pertaining thereto. Such financial records shall be preserved by the Institution for a period of 6 years after the final payment under the Agreement.
4. In the event of the service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to the special demand deposit account, the Institution shall promptly notify DOE at-

Contracting Officer  
Livermore Field Office  
7000 East Avenue Mail Stop L-293  
Livermore, California 94551

And

Finance Office  
LLNS, LLC  
7000 East Avenue, Mail Stop L-495  
Livermore, California 94551

5. DOE shall authorize funds that shall remain available to the extent that obligations have been incurred in good faith thereunder by the Contractor to the Institution for the benefit of the special demand deposit account. The Institution agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the average daily balance in the special demand deposit account in a net positive and as close to zero as administratively possible.

The Institution agrees to service the account in this manner based on the requirements and specifications contained in Subcontract No. B623112. The Institution agrees that

per-item costs, detailed in "Appendix 3, Price Schedule," contained in the aforesaid subcontract shall apply during the term of this Agreement. The Institution shall calculate the monthly fees based on services rendered and invoice the Contractor. The Contractor shall issue a check or automated clearing house authorization transfer to the Institution in payment thereof.

6. The Institution shall post collateral, acceptable under U.S. Department of the Treasury Department Circular 176, with the Federal Reserve Bank in an amount equal to the net balances in all of the accounts included in this Agreement (including the noninterest-bearing time deposit account), less the U.S. Department of the Treasury-approved deposit insurance.
7. This Agreement, with all its provisions and covenants, shall be in effect from the effective date, beginning on the 1st day of November 2017, and ending on the 30th day of September 2022. Per the aforesaid subcontract, the Agreement may be extended by the exercise of one 2-year option and three 1-year options on or before the option exercise dates identified below (when and if the term of Prime Contract is extended).

Option #1 Exercise Date	September 30, 2022
Option #2 Exercise Date	September 30, 2024
Option #3 Exercise Date	September 30, 2025
Option #4 Exercise Date	September 30, 2026

The total duration of the agreement including the exercise of any term extension options shall not exceed 10 years, after which, a new agreement will be solicited.

8. DOE, the Contractor, or the Institution may terminate this Agreement at any time within the agreement period upon submitting written notification to the other parties 180 days prior to the desired termination date. The specific provisions for operating the account during this 180-day period are contained in Covenant 11.
9. DOE or the Contractor may terminate this Agreement at any time upon 30 day's written notice to the Institution if DOE or the Contractor, or both parties, find that the Institution has failed to substantially perform its obligations under this Agreement or that the Institution is performing its obligations in a manner that precludes administering the program, in an effective and efficient manner or that precludes the effective utilization of the Government's cash resources.
10. Notwithstanding the provisions of Covenants 8 and 9, in the event that the Agreement referenced in Recital 1, between DOE and the Contractor is not renewed or is terminated, this Agreement between DOE, the Contractor, and the Institution shall be terminated automatically upon the delivery of written notice to the Institution by either DOE or Contractor.
11. In the event of termination, the Institution agrees to retain the Contractor's special demand deposit account for an additional 180 -day period to allow for clearance of outstanding payment items. Within 7 days of the expiration of the Agreement term or

any earlier termination date, an analysis of the special demand deposit account shall be made by DOE to determine whether an insufficient or excessive balance was maintained in the time deposit account to compensate the Institution for services rendered up to the expiration date.

- (a) If the analysis indicates that the Institution has been insufficiently compensated for services rendered up to the expiration of the Agreement, the Contractor shall:
  1. Maintain on deposit, during this 180 -day period, sufficient Federal funds to reimburse the Institution for prior cumulative loss of earnings, and
  2. Maintain on deposit in the time deposit account sufficient Federal funds to compensate the Institution for services rendered.
- (b) If the analysis indicates that the Institution has been overcompensated for services rendered up to the expiration of the Agreement or an earlier termination date, DOE shall close out the time deposit account and secure from the Institution a payment in an amount equal to the cumulative excess compensation less compensation for estimated services to be rendered during the 180-day period.
- (c) If cumulative excess compensation is not sufficient to compensate the Institution for services rendered during the 180-day period, adjustments shall be made to the time deposit account to compensate the Institution for the difference between the cost of services rendered during the 180-day period and the cumulative excess compensation.

This Agreement shall continue in effect for the 180-day additional period, with exception of the following:

1. Term Agreement (Covenant 7)
2. Termination of Agreement (Covenants 8 and 9)

All terms and conditions of the aforesaid bid submitted by the Institution that are not inconsistent with this 180-day additional term shall remain in effect for this period.

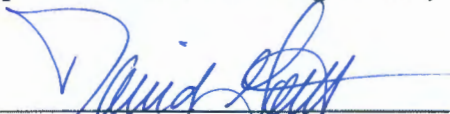
The Institution has submitted the forms entitled "Appendix 6 - Representations, Certifications and Other Statements of Offerors", and "Appendix 3 - Price Schedule and the document titled "Financial Institution's Information on Payments Cleared Financing Arrangement," is incorporated as an integral part of this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement, which consists of nine (9) pages, including the signature pages, to be executed as of the day and year first above written.

THE UNITED STATES OF AMERICA

11/2/2017  
Date Signed

By David P. Goett  
(Typed Name of Contracting Officer)

  
(Signature of Contracting Officer)

WITNESS

\_\_\_\_\_  
(Typed Name of Witness)

LAWRENCE LIVERMORE NATIONAL SECURITY, LLC  
(Typed Name of Contractor)

\_\_\_\_\_  
(Signature of Witness)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

By Thomas F. Gioconda  
(Name of Contractor's Representative)

  
(Signature of Contractor's Representative)

Vice President, LLNS, LLC  
(Title)

2300 First Street, Suite 204  
Livermore, CA 94550  
(Address)

10-31-2017  
(Date of Signed)

WITNESS

Not Applicable  
(Name of Witness)

By U.S. BANK NATIONAL ASSOCIATION  
(Name of Financial Institution)

Donald E. Raught  
(Name of Financial Institution Representative)

  
(Signature of Financial Institution Representative)

\_\_\_\_\_  
(Signature of Witness)

Vice President  
Government Banking Relationship Manager  
(Title)

\_\_\_\_\_  
(Title)

621 Capitol Mall, 8<sup>th</sup> Floor  
Sacramento, CA 95814-4724  
(Address)

10/30/2017  
(Date Signed)

**Note:** In the case of a corporation, a witness is not required. Type or print names under all signatures.