

Message

**From:** Andrew Stiles [REDACTED]  
**Sent:** 4/4/2020 9:33:01 AM  
**To:** Eric Edwards [REDACTED]  
**CC:** Alan Taggart [REDACTED]  
**Subject:** EMAIL to Send BARDA

Eric - I would suggest sending this email out today. You have a better pulse on the dynamics behind the scenes so edit accordingly. This will not only help put further pressure on contracting office to get this award finalized and makes Phlow look proactive, but will also document the underlying assumptions of our indirect rate calculations in the event BARDA does not eventually come through with the entire \$200M infrastructure investment (this is absolutely critical to mitigate Phlow's financial risk). It also allows Rick to appear in control, and makes Mark Kim look good.....all important as well.

Navarro's "if your contracting people mess this up, you're fired" email to Rick and Kadlec several weeks ago was a big deal. CC'ing Navarro cranks up the pressure.

Give me a call anytime if you want to discuss.

To: Rick Bright & Mike  
CC: Mark Kim, James Harris, Navarro, Alan

Subject: Phlow Contract - Expected Order Volume?

Hi Rick & Mike,

Mark Kim is our BARDA Auditor. He is doing a fantastic job and we are close to getting things wrapped up on that end. However, he cannot finalize our indirect rates for contract award without a reasonable estimate of business activity expected under this IDIQ contract for the next 2 years.

Phlow's G&A rate is equal to the company's operating expenses divided by the total direct cost activity of this potential program:

<i>Example 1:</i>	<i>Example 2:</i>	<i>Example 3:</i>
$\text{G\&A\%} = \frac{\text{Phlow Operating \& Administrative Expenses}}{\text{Total Direct Costs}}$	$20\% = \frac{\$20,000,000}{\$100,000,000}$	$40\% = \frac{\$20,000,000}{\$50,000,000}$

As you can see in the above examples, Phlow's G&A rate will be strongly correlated with the volume of business activity resulting from Task Orders executed under this program.

The current IDIQ contract proposed by BARDA only includes a guaranteed minimum order of \$50k.

Phlow's initial OTA proposal included a base period with the following critical infrastructure builds over the next 2 years to establish U.S.-based advanced continuous manufacturing capabilities for COVID-19 essential medicines:

Critical Build	Description	Direct Cost
Fill Finish Facility	Will allow production of drug product in a GMP Fill Finish facility in Virginia	██████████
Kilo Lab	Will allow BARDA to optimize and scale up Advanced Manufacturing processes	██████████
S5 Facility & Production	Will allow rapid production of bulk API for COVID-19 essential medications.	██████████
SAPIR Facility	Will store more than a years worth of 100 APIs for essential medicines for emergencies	██████████
Hybrid Manufacturing Facility	Will allow the Advanced Manufacturing for emergency response APIs.	██████████
<b>Total</b>		<b>\$196,394,062</b>

Will you please confirm if it is BARDA's intention to move forward with all critical infrastructure builds listed above? And if not all, then which ones?

The answer to this will allow us to accurately calculate Phlow's provisional indirect rates for inclusion in the contract.

Thanks a lot for your continued efforts to get this program in place. We are excited to be working collaboratively together at BARDA's direction to save lives and strengthen our national security.

Andrew Stiles  
Managing Director  
Industry Specialty Services -  
Biodefense & Government Contracts  
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