



DEPARTMENT OF THE NAVY
OFFICE OF NAVAL RESEARCH
800 NORTH QUINCY STREET
ARLINGTON, VA 22217-5660

IN REPLY REFER TO

NEGOTIATION AGREEMENT

Institution: MICHIGAN TECHNOLOGICAL UNIVERSITY
HOUGHTON, MI 49931-1295

The Fringe Benefits rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to the Michigan Technological University by all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by the Office of Management and Budget (OMB) Circular A-21. These Fringe Benefits Rates shall be used for forward pricing and billing purposes at the Michigan Technological University for Fiscal Year 2005. This rate agreement supersedes all previous rate agreements/determinations for Fiscal Year 2005.

SECTION I: RATES - TYPE: Predetermined (Pred)

Fringe Benefits Rates:

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>APPLICABLE TO</u>	<u>LOCATION</u>
Pred	7/01/04	6/30/05	42.0 %	(a)	Base Rate for All Employees	All
Pred	7/01/04	6/30/05	3.4 %	(b)	Graduate Students	All
Pred	7/01/04	6/30/05	20.2 %	(c)	Summer Faculty	All

DISTRIBUTION BASES:

- (a) Non-Student Salary and Wages
- (b) Graduate Student Salary and Wages
- (c) Summer Faculty Salary and Wages

SECTION II - GENERAL TERMS AND CONDITIONS

A. **LIMITATIONS:** Use of the rates set forth under Section I is subject to any statutory or administrative limitations and is applicable to a given grant, contract or other agreement only to the extent that funds are available and consistent with any and all limitations of cost clauses or provisions, if any, contained therein. Acceptance of the rates agreed to herein is predicated upon all of the following conditions: (1) that no costs other than those incurred by the grantee/contractor were included in this indirect cost pool as finally accepted and that such costs are legal obligations of the grantee/contractor and allowable under governing cost principles; (2) that the same costs that have been treated as indirect costs are not claimed as direct costs; (3) that similar types of costs have been accorded consistent accounting treatment; and (4) that the information provided by the grantee/contractor, which was used as the basis for acceptance of the rates agreed to herein and expressly relied upon by the Government in negotiating and accepting the said rates, is not subsequently found to be materially incomplete or inaccurate.

CC: M. Hendricks, S. Laajala, D. Lassila, A. Quinn, D. Reed, T. Rogers,
J. Seppala

B. ACCOUNTING CHANGES: The rates contained in Section I of this agreement are based on the accounting system in effect at the time the agreement was negotiated. Changes to the method(s) of accounting for costs which affect the amount of reimbursement resulting from the use of these rates require the written approval of the authorized representative of the cognizant negotiating agency for the Government prior to implementation of any such changes. Such changes include but are not limited to changes in the charging of a particular type of costs from indirect to direct. Failure to obtain such approval may result in subsequent cost disallowances.

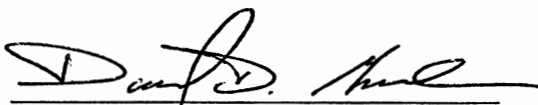
C. USE BY OTHER FEDERAL AGENCIES: The rates set forth in Section I hereof were negotiated in accordance with and under the authority set forth in OMB Circular A-21. Accordingly, such rates shall be applied to the extent provided in such circular to grants and contracts to which OMB Circular A-21 is applicable, subject to any limitations in part A of this section. Copies of this document may be provided by either party to other Federal agencies which have or intend to issue or award grants and contracts using these rates or to otherwise provide such agencies with documentary notice of this agreement and its terms and conditions.

D. PREDETERMINED RATES: The predetermined rates set forth in Section I of this agreement are not subject to adjustment in accordance with the provisions of OMB Circular A-21, subject to the limitations contained in Part A of this section.

E. SPECIAL REMARKS: The purpose of this agreement is to establish Fringe Benefits Rates for the period of 1 July 2004 through 30 June 2005. These rates are based on Michigan Technological University's proposals dated 30 January 2004. The Government's agreement to the rates in Section I, based on the accounting systems and allocation methodologies in effect at the time this agreement was negotiated, does not represent an agreement that these systems and methodologies are accepted for FY 2005 or any subsequent fiscal year's rate negotiations.

Acceptance:

FOR THE MICHIGAN TECHNOLOGICAL
UNIVERSITY:

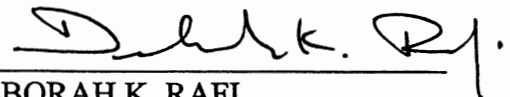


DANIEL D. GREENLEE
Chief Financial Officer and Treasurer
of the Board of Control

6-3-04

Date

FOR THE U.S GOVERNMENT:



DEBORAH K. RAFI
Contracting Officer

6-12-04

Date

*For information concerning
this agreement contact:*

OFFICE OF NAVAL RESEARCH
SCOTT M. BUKOVEC
800 N. QUINCY STREET
BCT #3, Room 424
ARLINGTON, VA 22217

PHONE: 703.696.2586
E-mail: bukoves@onr.navy.mil