



DEPARTMENT OF THE NAVY  
 OFFICE OF NAVAL RESEARCH  
 875 NORTH RANDOLPH STREET  
 SUITE 1425  
 ARLINGTON, VA 22203-1995

IN REPLY REFER TO:

Agreement Date: January 4, 2010  
 Supersedes Agreement Dated July 21, 2009

**NEGOTIATION AGREEMENT**

INSTITUTION: MICHIGAN TECHNOLOGICAL UNIVERSITY  
 HOUGHTON, MICHIGAN

The Facilities and Administrative (F&A) rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to Michigan Technological University by all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by 2 CFR 220. These rates shall be used for forward pricing and billing purposes for the Michigan Technological University's Fiscal Years 2010 through 2012. This agreement supersedes all previous rate agreements/determinations for Fiscal Year 2010.

**SECTION I: RATES - TYPE: PREDETERMINED (PRED)**

Facilities and Administration Rates:

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED	7/1/09	6/30/10	54.0%	(a)	On Campus	Organized Research (1)
PRED	7/1/09	6/30/10	67.0%	(a)	On Campus	Organized Research (2)
PRED	7/1/09	6/30/10	26.0%	(a)	Off Campus	Organized Research (1)
PRED	7/1/09	6/30/10	39.0%	(a)	Off Campus	Organized Research (2)
PRED	7/1/09	6/30/10	57.0%	(a)	On Campus	Instruction
PRED	7/1/09	6/30/10	26.0%	(a)	Off Campus	Instruction
PRED	7/1/09	6/30/10	30.0%	(a)	On Campus	Other Sponsored Activities
PRED	7/1/09	6/30/10	26.0%	(a)	Off Campus	Other Sponsored Activities
PRED	7/1/09	6/30/10	47.5%	(a)	On Campus	Organized Research (1)
PRED	7/1/09	6/30/10	86.5%	(a)	On Campus MTRI *	Organized Research (2)
PRED	7/1/09	6/30/10	26.0%	(a)	Off Campus MTRI *	Organized Research (1)
PRED	7/1/09	6/30/10	65.0%	(a)	Off Campus MTRI *	Organized Research (2)

\* Michigan Tech Research Institute, Ann Arbor, MI

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED	7/1/10	6/30/11	54.0%	(a)	On Campus	Organized Research (1)
PRED	7/1/10	6/30/11	67.0%	(a)	On Campus	Organized Research (2)
PRED	7/1/10	6/30/11	26.0%	(a)	Off Campus	Organized Research (1)
PRED	7/1/10	6/30/11	39.5%	(a)	Off Campus	Organized Research (2)
PRED	7/1/10	6/30/11	57.0%	(a)	On Campus	Instruction
PRED	7/1/10	6/30/11	26.0%	(a)	Off Campus	Instruction
PRED	7/1/10	6/30/11	30.0%	(a)	On Campus	Other Sponsored Activities
PRED	7/1/10	6/30/11	26.0%	(a)	Off Campus	Other Sponsored Activities
PRED	7/1/10	6/30/11	47.5%	(a)	On Campus	Organized Research (1)
PRED	7/1/10	6/30/11	86.5%	(a)	On Campus MTRI *	Organized Research (2)
PRED	7/1/10	6/30/11	26.0%	(a)	Off Campus MTRI *	Organized Research (1)
PRED	7/1/10	6/30/11	65.0%	(a)	Off Campus MTRI *	Organized Research (2)

\* Michigan Tech Research Institute, Ann Arbor, MI

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED	7/1/11	6/30/12	56.0%	(a)	On Campus	Organized Research (1)
PRED	7/1/11	6/30/12	69.0%	(a)	On Campus	Organized Research (2)
PRED	7/1/11	6/30/12	26.0%	(a)	Off Campus	Organized Research (1)
PRED	7/1/11	6/30/12	40.0%	(a)	Off Campus	Organized Research (2)
PRED	7/1/11	6/30/12	57.0%	(a)	On Campus	Instruction
PRED	7/1/11	6/30/12	26.0%	(a)	Off Campus	Instruction
PRED	7/1/11	6/30/12	30.0%	(a)	On Campus	Other Sponsored Activities
PRED	7/1/11	6/30/12	26.0%	(a)	Off Campus	Other Sponsored Activities
PRED	7/1/11	6/30/12	47.5%	(a)	On Campus	Organized Research (1)
PRED	7/1/11	6/30/12	86.5%	(a)	On Campus MTRI *	Organized Research (2)
PRED	7/1/11	6/30/12	26.0%	(a)	Off Campus MTRI *	Organized Research (1)
PRED	7/1/11	6/30/12	65.0%	(a)	Off Campus MTRI *	Organized Research (2)

\* Michigan Tech Research Institute, Ann Arbor, MI

### Distribution Bases

(a) Modified Total Direct Cost (MTDC), as defined in 2 CFR 220, consists of salaries and wages, fringe benefits, materials and supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment (defined as having an acquisition cost equal to or greater than \$5,000 and useful life of more than one year for acquisitions), capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 is excluded.

### APPLICABLE TO

- (1) Applies to all DoD contracts and subcontracts awarded or issued before November 30, 1993, all Non-DoD instruments, and all DoD grants. See section II, Part E hereof, (Capped Rate)
- (2) Applies to all DoD contracts awarded or issued on or after November 30, 1993 in accordance with and under the authority of DFARS 231.303(1). See Section II, Part E hereof. (Uncapped Rate)

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## SECTION II - GENERAL

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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 or contract only to the extent that funds are available. 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 a basis for acceptance of the rates agreed to herein, and expressly relied upon by the Government in establishing and accepting the said rates is not subsequently found to be materially incomplete or inaccurate.

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

C. **PREDETERMINED RATES:** The predetermined rates contained in this agreement are not subject to adjustment in accordance with the provisions of 2 CFR 220, subject to the limitations contained in Part A of this section.

**D. 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 2 CFR 220. Accordingly, such rates shall be applied to the extent provided in such regulations to grants, contracts and other transactions to which 2 CFR 220 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.

**E. APPLICATION OF INDIRECT COST RATES TO DOD CONTRACTS AND SUBCONTRACTS:** In accordance with DFARS 231.303, no limitation (unless waived by the institution) may be placed on the reimbursement of otherwise allowable indirect costs incurred by an institution of higher education under a DOD contract awarded on or after November 30, 1993, unless the same limitation is applied uniformly to all other organizations performing similar work. It has been determined by the Department of Defense that such limitation is not being uniformly applied. Accordingly, the rates cited (2) of Section I, as explained under the title, "APPLICABLE TO" do not reflect the application of the 26% limitation on administrative indirect costs imposed by 2 CFR 220, whereas the rates cited (1) do.

**F. SPECIAL REMARKS:** The Government's agreement with the rates set forth in Section I is not an acceptance of the Michigan Technological University's accounting practices or methodologies. Any reliance by the Government on cost data or methodologies submitted by Michigan Technological University is on a non-precedence-setting basis and does not imply Government acceptance.

Accepted:

FOR THE MICHIGAN TECHNOLOGICAL  
UNIVERSITY:

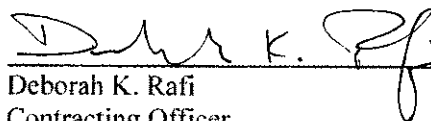


Daniel D. Greenlee  
Chief Financial Officer and  
Treasurer of the Board of Control

01-13-10

Date

FOR THE U.S. GOVERNMENT:



Deborah K. Rafi  
Contracting Officer

1/14/2010

Date

*For information concerning this agreement contact:*

Owen Nicholson  
Office of Naval Research  
875 North Randolph Street, Room 371  
Arlington, VA 22203

Phone: (703) 696-7742  
E-mail: owen.nicholson@navy.mil

**INDIVIDUAL RATE COMPONENTS**

Institution: Michigan Technological University

FY Covered: 2010

Function Rate is Applicable to: Organized Research

Type of Rate: Predetermined

Distribution Base: \$20,192,642 - See Below

**RATE COMPONENTS:**

**1. ADMINISTRATIVE:**

- A. G&A
- B. DA
- C. DA Allowance
- D. SPA
- E. Student Services
- F. Administrative Cap Adjustment
- Subtotal for Administrative

**2. DEPRECIATION/USE ALLOWANCE**

- A. Buildings/Improvements Deprec.
- B. Equipment Deprec.
- 3. INTEREST
- 4. O&M
- 5. LIBRARY
- Subtotal for Facilities


- 7. Voluntary Reduction
- 8. Rounding
- Total

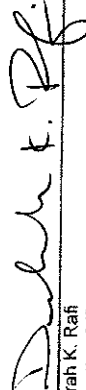
MTDC Base

	ORGANIZED RESEARCH On-Campus CAPPED	ORGANIZED RESEARCH Off-Campus CAPPED	ORGANIZED RESEARCH On-Campus UNCAPPED	ORGANIZED RESEARCH Off-Campus UNCAPPED
A. G&A	13.57%	13.57%	13.57%	13.57%
B. DA	11.14%	11.14%	11.14%	11.14%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%
D. SPA	10.99%	10.99%	10.99%	10.99%
E. Student Services	0.00%	0.00%	0.00%	0.00%
F. Administrative Cap Adjustment	(13.30%)	(13.30%)	0.00%	0.00%
Subtotal for Administrative	26.00%	26.00%	39.30%	39.30%
A. Buildings/Improvements Deprec.	5.45%		5.45%	
B. Equipment Deprec.	4.15%		4.15%	
3. INTEREST	3.88%		3.88%	
4. O&M	12.61%		12.61%	
5. LIBRARY	1.57%		1.57%	
Subtotal for Facilities	27.66%	0.00%	27.66%	0.00%
7. Voluntary Reduction	0.00%	0.00%	0.00%	0.00%
8. Rounding	0.34%	0.00%	0.04%	0.00%
Total	54.00%	26.00%	67.00%	39.30%
MTDC Base	\$ 16,869,146	\$ 3,323,496	\$ 16,869,146	\$ 3,323,496

FOR THE UNIVERSITY:

FOR THE U.S. GOVERNMENT:

  
Daniel D. Greenlee  
Chief Financial Officer and Treasurer of the  
Board of Control

  
Deborah K. Rafi  
Contracting Officer

01-13-10  
Date


1/14/2010  
Date


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**INDIVIDUAL RATE COMPONENTS**

Institution: Michigan Technological University FY Covered: 2011  
 Function Rate is Applicable to: Organized Research  
 Type of Rate: Predetermined  
 Distribution Base: \$20,091,695 -- See Below

	ORGANIZED RESEARCH		ORGANIZED RESEARCH	
	On-Campus CAPPED	Off-Campus CAPPED	On-Campus UNCAPPED	Off-Campus UNCAPPED
<b>1. ADMINISTRATIVE:</b>				
A. G&A	13.64%	13.64%	13.64%	13.64%
B. DA	11.22%	11.22%	11.22%	11.22%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%
D. SPA	11.04%	11.04%	11.04%	11.04%
E. Student Services	0.00%	0.00%	0.00%	0.00%
F. Administrative Cap Adjustment	(13.50%)	(13.50%)	0.00%	0.00%
Subtotal for Administrative	26.00%	26.00%	39.50%	39.50%
<b>2. DEPRECIATION/USE ALLOWANCE</b>				
A. Buildings/Improvements Deprec.	5.48%		5.48%	
B. Equipment Deprec.	4.18%		4.18%	
<b>3. INTEREST</b>				
4. O&M	3.90%		3.90%	
5. LIBRARY	12.69%		12.69%	
Subtotal for Facilities	1.58%		1.58%	
7. Voluntary Reduction	27.83%		27.83%	
8. Rounding	0.00%		0.00%	
Total	0.17%		(0.33%)	
Total	<b>54.00%</b>	<b>26.00%</b>	<b>67.00%</b>	<b>39.50%</b>
MTDC Base	\$ 16,768,199	\$ 3,323,496	\$ 16,768,199	\$ 3,323,496

FOR THE UNIVERSITY:  Daniel D. Greenlee  
 Chief Financial Officer and Treasurer of the Board of Control

FOR THE U.S. GOVERNMENT:  Deborah K. Rafi  
 Contracting Officer

01-13-10 Date

1/14/2010 Date

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**INDIVIDUAL RATE COMPONENTS**

Institution: Michigan Technological University

FY Covered: 2012

Function Rate is Applicable to: Organized Research

Type of Rate: Predetermined

Distribution Base: \$20,023,459 -- See Below

**RATE COMPONENTS:**

**1. ADMINISTRATIVE:**

	ORGANIZED RESEARCH On-Campus CAPPED	ORGANIZED RESEARCH Off-Campus CAPPED	ORGANIZED RESEARCH On-Campus UNCAPPED	ORGANIZED RESEARCH Off-Campus UNCAPPED
A. G&A	13.69%	13.69%	13.69%	13.69%
B. DA	11.47%	11.47%	11.47%	11.47%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%
D. SPA	11.08%	11.08%	11.08%	11.08%
E. Student Services	0.00%	0.00%	0.00%	0.00%
F. Administrative Cap Adjustment	(13.84%)	(13.84%)	0.00%	0.00%
Subtotal for Administrative	26.00%	26.00%	39.84%	39.84%

**2. DEPRECIATION/USE ALLOWANCE**

A. Buildings/Improvements Deprec.	8.25%		8.25%	
B. Equipment Deprec.	4.89%		4.89%	

**3. INTEREST**

4. O&M	5.55%		5.55%	
5. LIBRARY	13.91%		13.91%	

**Subtotal for Facilities**

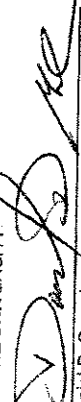
	34.19%		34.19%	
7. Voluntary Reduction	(4.19%)		(5.03%)	
8. Rounding	0.00%		0.00%	
Total	56.00%	26.00%	69.00%	40.00%

MTDC Base

\$ 15,699,963	\$ 3,323,496	\$ 16,699,963	\$ 3,323,496
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FOR THE UNIVERSITY:

FOR THE U.S. GOVERNMENT:

  
 Daniel D. Greenlee  
 Chief Financial Officer and Treasurer of the  
 Board of Control

  
 Deborah K. Rafi  
 Contracting Officer

01-13-10  
 Date

1/14/2010  
 Date

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**INDIVIDUAL RATE COMPONENTS**

Institution: Michigan Technological University FYs Covered: 2010-2012

Function Rate is Applicable to: Michigan Tech Research Institute (MTRI) - Organized Research

Type of Rate: Predetermined

Distribution Base: See Below

**RATE COMPONENTS:**

**1. ADMINISTRATIVE:**

	ORGANIZED RESEARCH On-Campus CAPPED	ORGANIZED RESEARCH Off-Campus CAPPED	ORGANIZED RESEARCH On-Campus UNCAPPED	ORGANIZED RESEARCH Off-Campus UNCAPPED
A. G&A	14.04%	14.04%	14.04%	14.04%
B. DA	35.99%	35.99%	35.99%	35.99%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%
D. SPA	11.50%	11.50%	11.50%	11.50%
E. MTRI DA	0.00%	0.00%	0.00%	0.00%
F. Administrative Cap Adjustment	(38.13%)	(39.13%)	0.00%	0.00%
Subtotal for Administrative	26.00%	26.00%	65.13%	65.13%

**2. DEPRECIATION/USE ALLOWANCE**

A. Buildings/Improvements Deprec.	0.00%	0.00%	0.00%	0.00%
B. Equipment Deprec.	5.30%	0.00%	5.30%	0.00%
3. INTEREST	0.00%	0.00%	0.00%	0.00%
4. O&M	14.56%	0.00%	14.56%	0.00%
5. LIBRARY	1.61%	0.00%	1.61%	0.00%
Subtotal for Facilities	21.47%	0.00%	21.47%	0.00%


**7. Voluntary Reduction**

8. Rounding	0.00%	0.00%	(0.13%)	(0.13%)
Total	47.50%	26.00%	86.50%	65.00%

MTDC Base

\$ 2,693,480      \$ 2,696,480      \$

**FOR THE UNIVERSITY:**

  
 Daniel D. Greenlee  
 Chief Financial Officer and Treasurer of the  
 Board of Control

01-13-10  
 Date

**FOR THE U.S. GOVERNMENT:**

  
 Debra K. Raff  
 Contracting Officer

1/14/2010  
 Date

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**INDIVIDUAL RATE COMPONENTS**

Institution: Michigan Technological University

FYs Covered: 2010-2012

Function Rate is Applicable to: Instruction and Other Sponsored Activities

Type of Rate: Predetermined

Distribution Base: Instruction \$58,601,309 and OSA \$3,214,379 -- See Below

**RATE COMPONENTS:**

**1. ADMINISTRATIVE:**

- A. G&A
- B. DA
- C. DA Allowance
- D. SPA
- E. Student Services
- F. Administrative Cap Adjustment  
Subtotal for Administrative

**2. DEPRECIATION/USE ALLOWANCE**

- A. Buildings/Improvements Deprec.
- B. Equipment Deprec.
- 3. INTEREST
- 4. O&M
- 5. LIBRARY  
Subtotal for Facilities


**7. Voluntary Reduction**

- 8. Rounding  
Total

MTDC Base

	INSTRUCTION		OTHER SPONSORED ACTIVITIES	
	On-Campus	Off-Campus	On-Campus	Off-Campus
A. G&A	14.04%	14.04%	14.04%	14.04%
B. DA	12.20%	12.20%	2.61%	2.61%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%
D. SPA	0.02%	0.02%	10.33%	10.33%
E. Student Services	13.83%	13.83%	0.00%	0.00%
F. Administrative Cap Adjustment Subtotal for Administrative	(17.69%)	(17.69%)	(4.58%)	(4.58%)
	26.00%	26.00%	26.00%	26.00%
A. Buildings/Improvements Deprec.	4.36%		0.41%	
B. Equipment Deprec.	1.68%		0.07%	
3. INTEREST	3.25%		0.28%	
4. O&M	10.19%		2.12%	
5. LIBRARY Subtotal for Facilities	11.36%		1.37%	
	30.84%	0.00%	4.25%	0.00%
7. Voluntary Reduction	0.00%	0.00%	(0.26%)	0.00%
8. Rounding	0.16%	0.00%	0.01%	0.00%
Total	57.00%	26.00%	30.00%	26.00%
MTDC Base	\$ 58,601,309	\$ 17,002	\$ 3,214,379	\$ 403,649

FOR THE UNIVERSITY:

  
Daniel D. Greenlee  
Chief Financial Officer and Treasurer of the  
Board of Control

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Date

FOR THE U.S. GOVERNMENT:

  
Deborah K. Rafi  
Contracting Officer

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