



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

IN REPLY REFER TO:

Agreement Date: June 27, 2007

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 (formerly Office of Management and Budget Circular A-21). These rates shall be used for forward pricing and billing purposes beginning with Michigan Technological University's Fiscal Years 2007-2009. This agreement supersedes all previous agreements for FY 2007.

SECTION I: RATES - TYPE: PREDETERMINED (PRED)

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
<u>Facilities & Administrative (Indirect Cost) Rates:</u>						
PRED	7/1/06	6/30/09	56.0%	(a)	On Campus	Organized Research (1)
PRED	7/1/06	6/30/09	63.0%	(a)	On Campus	Organized Research (2)
PRED	7/1/06	6/30/09	26.0%	(a)	Off Campus	Organized Research (1)
PRED	7/1/06	6/30/09	33.0%	(a)	Off Campus	Organized Research (2)
PRED	7/1/06	6/30/09	52.0%	(a)	On Campus	Instruction
PRED	7/1/06	6/30/09	26.0%	(a)	Off Campus	Instruction
PRED	7/1/06	6/30/09	44.0%	(a)	On Campus	Other Sponsored Activities
PRED	7/1/06	6/30/09	26.0%	(a)	Off Campus	Other Sponsored Activities

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED	7/1/06	6/30/07	45.4%	(a)	On Campus MTRI *	Organized Research (1)
PRED	7/1/06	6/30/07	70.0%	(a)	On Campus MTRI *	Organized Research (2)
PRED	7/1/06	6/30/07	26.0%	(a)	Off Campus MTRI *	Organized Research (1)
PRED	7/1/06	6/30/07	55.0%	(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)

SECTION II - GENERAL

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. USE BY OTHER FEDERAL AGENCIES: The rates set forth in Section I were established 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 Circular to grants and contracts to which 2 CFR 220 applies, 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 sponsored agreements 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 2 CFR 220, subject to the limitations contained in Part A of this section.

E. APPLICATION OF INDIRECT COST RATES TO DOD

CONTRACTS/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 title "APPLICABLE TO" (2), do not reflect the application of the 26% limitation on administrative indirect costs imposed by 2 CFR 220, whereas (1) does so.

F. SPECIAL REMARKS: The Government's agreement to the rates in Section I, does not represent acceptance of the accounting systems and allocation methods in effect at the time this agreement was negotiated.

Accepted:

FOR THE MICHIGAN TECHNOLOGICAL UNIVERSITY:

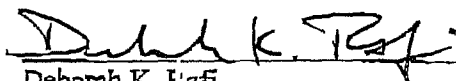


Daniel D. Greenlee
Chief Financial Officer and Treasurer
of the Board of Control

6-27-07

Date

FOR THE U.S. GOVERNMENT:



Deborah K. Rafi
Contracting Officer

6-27-07

Date

For information concerning this document contact:

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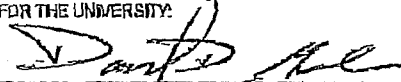
INDIVIDUAL RATE COMPONENTS


Institution: Michigan Technological University FYs Covered: 2007
 Function Rate is Applicable to: Michigan Tech Research Institute (MRI) - Organized Research
 Type of Rate: Pre-determined
 Distribution Base: See Below

RATE COMPONENTS:

	ORGANIZED RESEARCH		ORGANIZED RESEARCH	
	On-Campus CAPPED	Off-Campus CAPPED	On-Campus UNCAPPED	Off-Campus UNCAPPED
1. ADMINISTRATIVE:				
A. G&A	12.14%	12.14%	12.14%	12.14%
B. DA	5.08%	5.08%	5.08%	5.08%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%
D. MTR/DA	30.11%	30.11%	30.11%	30.11%
E. SPA	8.18%	8.18%	8.18%	8.18%
F. Student Services	0.00%	0.00%	0.00%	0.00%
G. Administrative Cap Adjustment	(33.12%)	(33.12%)	0.00%	0.00%
Subtotal for Administrative	26.00%	26.00%	59.12%	59.12%
2. DEPRECIATION/USE ALLOWANCE				
A. Buildings/Improvements Deprec.	0.04%		0.04%	
C. Equipment Deprec.	5.31%		5.31%	
3. INTEREST	0.02%		0.02%	
4. O&M	12.70%		12.70%	
6. LIBRARY	1.33%		1.33%	
Subtotal for Facilities	19.40%	0.00%	19.40%	0.00%
7. Voluntary Reduction	0.00%	0.00%	(9.52%)	(4.12%)
8. Rounding Total	0.00%	0.00%	0.00%	0.00%
	46.44%	26.00%	70.00%	65.00%

NYDC Base \$ 2,142,695 \$ - \$ 2,142,695 \$ -

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. Raff
 Contracting Officer
 6-27-07
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INDIVIDUAL RATE COMPONENTS

Institution: Michigan Technological University

FYs Covered: 2007-2008

Function Rate Is Applicable to: Organized Research

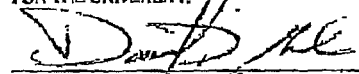
Type of Rate: Predefined

Distribution Base: See Below

RATE COMPONENTS:

	ORGANIZED RESEARCH		ORGANIZED RESEARCH	
	On-Campus CAPPED	Off-Campus CAPPED	On-Campus UNCAPPED	Off-Campus UNCAPPED
1. ADMINISTRATIVE:				
A. G&A	11.03%	11.03%	11.03%	11.03%
B. O&A	10.37%	10.37%	10.37%	10.37%
C. O&A Allowance	3.60%	3.60%	3.60%	3.60%
D. SPA	0.17%	0.17%	0.17%	0.17%
E. Student Services	0.00%	0.00%	0.00%	0.00%
F. Administrative Cap Adjustment	(7.97%)	(7.87%)	0.00%	0.00%
Subtotal for Administrative	26.00%	26.00%	33.97%	33.67%
2. DEPRECIATION/USE ALLOWANCE				
A. Buildings/Improvements Deprec.	6.78%		6.78%	
C. Equipment Deprec.	4.05%		4.05%	
3. INTEREST	3.58%		3.58%	
4. O&M	14.58%		14.58%	
5. LIBRARY	1.51%		1.51%	
Subtotal for Facilities	30.52%	0.00%	30.52%	0.00%
7. Voluntary Reduction	0.00%	0.00%	0.00%	0.00%
8. Rounding	(0.62%)	0.00%	(1.49%)	(0.97%)
Total	66.00%	26.00%	63.00%	33.00%
MTDC Base	\$ 13,811,913	\$ 3,050,824	\$ 13,811,913	\$ 3,050,824

FOR THE UNIVERSITY:

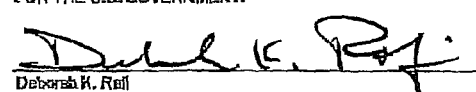


Daniel D. Greenlee
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INDIVIDUAL RATE COMPONENTS

Institution: Michigan Technological University

FYs Covered: 2007-2009

Function Rate is Applicable for: Instruction and Other Sponsored Activities

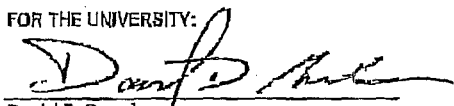
Type of Rate: Predetermined

Distribution Base: See Below

RATE COMPONENTS:

	INSTRUCTION		OTHER SPONSORED ACTIVITIES	
	On-Campus	Off-Campus	On-Campus	Off-Campus
1. ADMINISTRATIVE:				
A. G&A	12.47%	12.47%	12.47%	12.47%
B. DA	8.75%	8.75%	1.63%	1.59%
C. DA Allowance	3.00%	3.60%	3.60%	3.60%
D. SPA	0.04%	0.04%	8.70%	8.70%
E. Student Services	12.77%	12.77%	0.00%	0.00%
F. Administrative Gap Adjustment	(11.63%)	(11.63%)	(0.40%)	(0.40%)
Subtotal for Administrative	25.00%	26.00%	26.00%	26.00%
2. DEPRECIATION/USE ALLOWANCE				
A. Buildings/Improvements Deprac.	3.82%		3.81%	
C. Equipment Deprac.	2.10%		3.48%	
3. INTEREST	1.92%		0.04%	
4. O&M	9.34%		8.52%	
5. LIBRARY	9.07%		1.41%	
Subtotal for Facilities	26.25%	0.00%	17.84%	0.00%
7. Voluntary Reduction	0.00%	0.00%	0.00%	0.00%
8. Rounding	(0.25%)	0.00%	0.16%	0.00%
Total	62.00%	26.00%	44.00%	26.00%
MTDC Base	\$ 50,138,868		\$ 1,633,107	\$ 785,580

FOR THE UNIVERSITY:

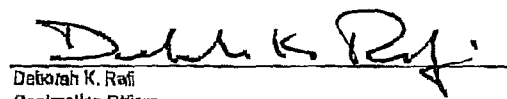


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