



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

IN REPLY REFER TO:

*Revised: 10/12/06
 Supersedes Agreement dated 9/12/06*

PROVISIONAL RATE AGREEMENT

INSTITUTION: MICHIGAN TECHNOLOGICAL UNIVERSITY
 HOUGHTON, MICHIGAN

The Facilities and Administrative (F&A) and Fringe Benefits 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 Office of Management and Budget (OMB) Circular A-21. These rates shall be used for forward pricing and billing purposes beginning with Michigan Technological University's Fiscal Year 2007.

SECTION I: RATES - TYPE: PROVISIONAL (PROV)

<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>						
PROV	7/1/06	Until Amended	56.0%	(a)ee	On Campusee	Organized Research (1)
PROV	7/1/06	Until Amended	63.0%	(a)ee	On Campusee	Organized Research (2)
PROV	7/1/06	Until Amended	26.0%	(a)ee	Off Campusee	Organized Research (1)
PROV	7/1/06	Until Amended	33.0%	(a)ee	Off Campusee	Organized Research (2)
PROV	7/1/06	Until Amended	46.6%	(a)ee	MTRI *ee	Organized Research (1)
PROV	7/1/06	Until Amended	70.0%	(a)ee	MTRI *ee	Organized Research (2)
PROV	7/1/06	Until Amended	55.0%	(a)ee	Allee	Instruction
PROV	7/1/06	Until Amended	38.0%	(a)ee	On Campusee	Other Sponsored Activities
PROV	7/1/06	Until Amended	23.7%	(a)ee	Off Campus	Other Sponsored Activitiessee

* 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>
<u>Fringe Benefits Rate:</u>						
PROV	7/1/06	Until Amended	42.4%	(b)	All	Base Rate for All Employees
PROV	7/1/06	Until Amended	7.5%	(c)	All	Graduate Students
PROV	7/1/06	Until Amended	20.2%	(d)	All	Summer Faculty

Distribution Bases

(a) Modified Total Direct Cost (MTDC), as defined in OMB Circular A-21, 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 \$2,500 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.

(b) Non-Student Salary and Wages

(c) Graduate Student Salary and Wages

(d) Summer Faculty Salary and Wages

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 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 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. PROVISIONAL RATES: The provisional rates contained in this agreement are subject to unilateral amendment by the Government or bilateral amendment by the contracting parties at any time.

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 OMB A-21, 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:

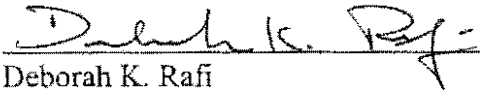


Daniel D. Greenlee
Chief Financial Officer and Treasurer
of the Board of Control

October 12, 2006

Date

FOR THE U.S. GOVERNMENT:



Deborah K. Rafi
Contracting Officer

October 12, 2006

Date

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