



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

IN REPLY REFER TO:

Agreement Date: May 30, 2007

NEGOTIATION AGREEMENT

Institution: THE UNIVERSITY OF ILLINOIS AT CHICAGO
809 SOUTH MARSHFIELD AVENUE, ROOM 608
CHICAGO, ILLINOIS 60612-7206

The Facilities & Administrative (F&A) Rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to The University of Illinois at Chicago by all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by 2 CFR 220 (formerly OMB Circular A-21). These rates shall be used for forward pricing and billing purposes at The University of Illinois at Chicago for the period(s) indicated under Section I below. This rate agreement supersedes all previous rate agreements for Fiscal Year 2007.

SECTION I: RATES - TYPE: PREDETERMINED (PRED)

Type	From	To	Rates		Base	Applicable Function
			On-Campus	Off-Campus		
PRED	7/1/06	6/30/07	40.20%	26.00%	(a)	Instruction
PRED	7/1/07	6/30/10	40.40%	26.00%	(a)	Instruction
PRED	7/1/06	6/30/07	55.00%	26.00%	(a)	Organized Research
PRED	7/1/07	6/30/10	57.00%	26.00%	(a)	Organized Research
PRED	7/1/06	6/30/07	36.70%	26.00%	(a)	Other Sponsored Activities
PRED	7/1/07	6/30/10	37.10%	26.00%	(a)	Other Sponsored Activities

DISTRIBUTION BASE

(a) Modified Total Direct Costs consisting 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 a useful life of over one year, and an acquisition cost of \$5,000 or more per unit), 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 shall be excluded from modified total direct costs.

SECTION II - GENERAL

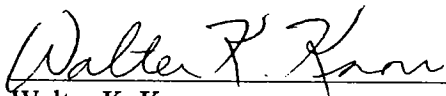
- A. **LIMITATIONS:** Use of the rates set forth under Section I is subject to any statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available and consistent with any and all limitations of cost clauses or provisions, if any, contained 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 a 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.
- 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 negotiation 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 cost from indirect to direct. Failure to obtain such approval may result in subsequent cost disallowances.
- C. **PREDETERMINED RATES:** This type of rate is considered final, and not subject to adjustment in accordance with the provisions of 2 CFR 220 and the Federal Acquisition regulation, subject to the limitations contained in Part A of this Section.
- D. **DFARS WAIVER:** Signature of this agreement by the authorized representative of the University of Illinois at Chicago and the Government acknowledges and affirms the University's request to waive the prohibition contained in DFARS 231.303(1) and the Government's exercise of its discretion contained in DFARS 231.303(2) to waive the prohibition in DFARS 231.303(1). The waiver request by the University of Illinois at Chicago is made to simplify the University's overall management of DOD cost reimbursements under DOD contracts.
- E. **APPLICATION OF RATES:**
1. Application of the appropriate On-Campus or Off-Campus indirect rate(s) is to be determined at the beginning of each sponsored agreement and is to be equitably adjusted if the circumstances which determined the application change materially during the period of performance.
 2. The On-Campus rate is to be assessed except when a portion of the sponsored agreement is performed at an off-campus site. The criteria for utilization of the off-campus rate consists of

all of the following: (a) performance at the off-campus site must be on a continuous basis; intermittent performance is not sufficient; (b) the University personnel working or engaged on the project must be physically located at an off-campus site; and (c) the off-campus performance must be of sufficient duration; normally a full semester, summer term or the period of performance of the sponsored agreement. The off-campus rate will be used for the off-campus portion of the work on a sponsored agreement.

3. Off-campus costs may include costs incurred at the off-campus site for salaries, related benefits, supplies, utility costs, rent, local travel and other similar costs, which are treated as direct. Travel to and from an off-campus site is considered an off-campus cost.

F. **USE BY OTHER FEDERAL AGENCIES:** The rates set forth in Section I 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 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.

FOR THE UNIVERSITY:



Walter K. Knorr
Comptroller & Authorized Representative of the
Board of Trustees of the University of Illinois

5/31/07

Date

FOR THE GOVERNMENT:



Linda B. Shipp
Contracting Officer

6-1-07

Date

For information concerning this agreement contact:

Linda B. Shipp, shipl@onr.navy.mil, (703) 696-8559, FAX (703) 696-2870
Office of Naval Research, Indirect Cost Branch (BD0242, Rm 368)
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